

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

APPLICATION FOR PERMIT TO DRILL OR REENTER

FORM APPROVED
OMB No. 1004-0136
Expires November 30, 2000

5. Lease Serial No.

UTU-01191-A

6. If Indian, Allottee or Tribe Name

7. If Unit or CA Agreement, Name and No.

UNIT #891008900A

8. Lease Name and Well No.

NBU 1022-5L-1

9. API Well No.

43-047-38524

10. Field and Pool, or Exploratory

NATURAL BUTTES

11. Sec., T., R., M., or Blk. and Survey or Area

SEC. 5, T10S, R22E

12. County or Parish

UINTAH

13. State

UTAH

1a. Type of Work: ☒ DRILL

☐ REENTER

b. Type of Well: ☐ Oil Well ☒ Gas Well ☐ Other

☐ Single Zone ☒ Multiple Zone

2. Name of Operator

KERR MCGEE OIL & GAS ONSHORE LP

3A. Address

1368 SOUTH 1200 EAST VERNAL, UT 84078

3b. Phone No. (include area code)

(435) 781-7024

4. Location of Well (Report location clearly and in accordance with any State requirements. *)

At surface

NWSW 2132'FSL, 986'FWL

At proposed prod. Zone

14. Distance in miles and direction from nearest town or post office*

23.1 MILES SOUTHEAST OF OURAY, UTAH

15. Distance from proposed* location to nearest property or lease line, ft. (Also to nearest drig. unit line, if any)

986'

16. No. of Acres in lease

1363.21

17. Spacing Unit dedicated to this well

20.00

18. Distance from proposed location* to nearest well, drilling, completed, applied for, on this lease, ft.

REFER TO
TOPO C

19. Proposed Depth

9090'

20. BLM/BIA Bond No. on file

BOND NO: WY-2357

21. Elevations (Show whether DF, KDB, RT, GL, etc.)

5141'UNGRADED GL

22. Approximate date work will start*

23. Estimated duration

24. Attachments

The following, completed in accordance with the requirements of Onshore Oil and Gas Order No. 1, shall be attached to this form:

1. Well plat certified by a registered surveyor.
2. A Drilling Plan.
3. A Surface Use Plan (if the location is on National Forest System Lands, the SUPO shall be filed with the appropriate Forest Service Office.

4. Bond to cover the operations unless covered by an existing bond on file (see Item 20 above).
5. Operator certification.
6. Such other site specific information and/or plans as may be required by the authorized office.

25. Signature

Title

REGULATORY ANALYST

Approved by (Signature)

Title

Name (Printed/Typed)

SHEILA UPCHEGO

Date

8/17/2006

Name (Printed/Typed)

BRADLEY G. HILL

Date

08-29-06

Office ENVIRONMENTAL MANAGER

Application approval does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon.

Conditions of approval, if any, are attached.

Title 18 U.S.C. Section 1001 and Title 43 U.S.C. Section 1212, make it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

*(Instructions on reverse)

Federal Approval of this
Action is Necessary

RECEIVED

AUG 28 2006

DIV. OF OIL, GAS & MINING

T10S, R22E, S.L.B.&M.

Kerr McGee Oil & Gas Onshore LP

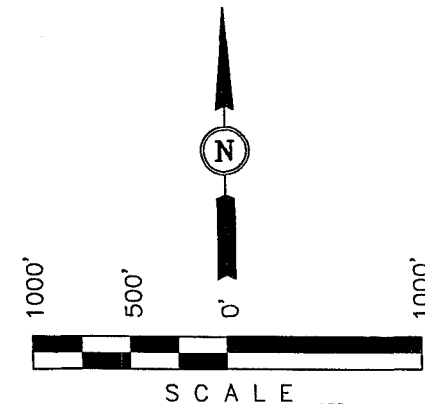
Well location, NBU #1022-5L-1, located as shown in the NW 1/4 SW 1/4 of Section 5, T10S, R22E, S.L.B.&M. Uintah County, Utah.

BASIS OF ELEVATION

TWO WATER TRIANGULATION STATION LOCATED IN THE NW 1/4 OF SECTION 1, T10S, R21E, S.L.B.&M. TAKEN FROM THE BIG PACK MTN NE, QUADRANGLE, UTAH, UTAH COUNTY, 7.5 MINUTE QUAD. (TOPOGRAPHIC MAP) PUBLISHED BY THE UNITED STATES DEPARTMENT OF THE INTERIOR, GEOLOGICAL SURVEY. SAID ELEVATION IS MARKED AS BEING 5238 FEET.

BASIS OF BEARINGS

BASIS OF BEARINGS IS A G.P.S. OBSERVATION.



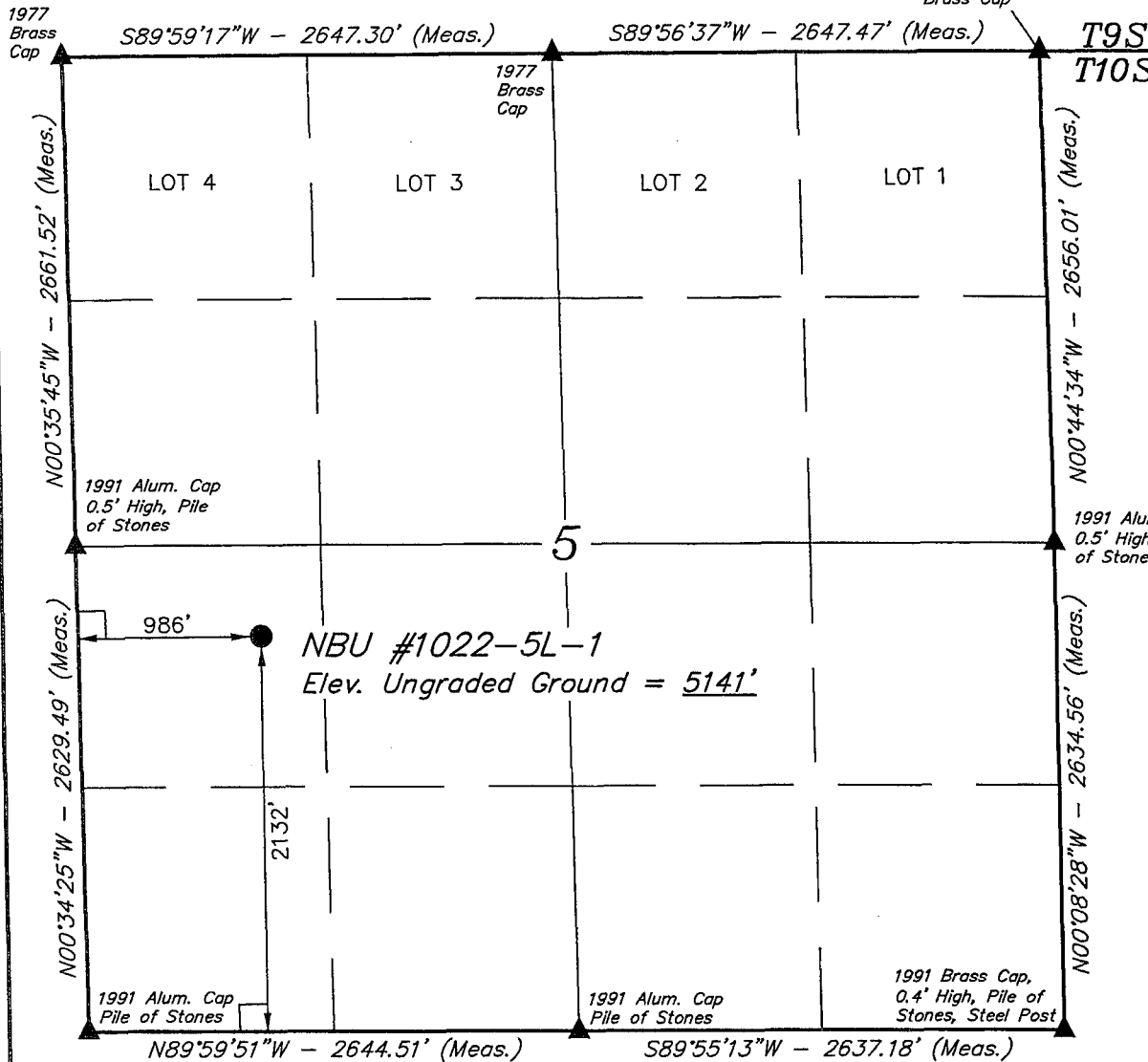
CERTIFICATE OF LAND SURVEYING

THIS IS TO CERTIFY THAT THE ABOVE PLAT WAS PREPARED FROM FIELD NOTES OF ACTUAL SURVEY MADE BY ME OR UNDER MY SUPERVISION AND THAT THE SAME ARE TRUE AND CORRECT TO THE BEST OF MY KNOWLEDGE AND BELIEF.

REGISTERED LAND SURVEYOR
RECEIVED IN THE OFFICE OF THE
STATE ENGINEER

UINTAH ENGINEERING & LAND SURVEYING
85 SOUTH 200 EAST - VERNAL, UTAH 84078
(435) 789-1017

| | | |
|-------------------------|---|-------------------------|
| SCALE 1" = 1000' | DATE SURVEYED: 04-10-06 | DATE DRAWN: 04-24-06 |
| PARTY P.J. J.A. S.L. | REFERENCES G.L.O. PLAT | |
| WEATHER HOT | FILE Kerr McGee Oil & Gas Onshore LP | |



NOTE:
FOOTAGES FOR PROPOSED WELL
HEAD ARE CALCULATED PARALLEL
TO SECTION LINES

LEGEND:

- = PROPOSED WELL HEAD.
- ▲ = SECTION CORNERS LOCATED.

(NAD 83)
LATITUDE = 39°58'35.69" (39.976581)
LONGITUDE = 109°28'10.73" (109.469647)

(NAD 27)
LATITUDE = 39°58'35.82" (39.976617)
LONGITUDE = 109°28'08.27" (109.468964)

NBU #1022-5L-1
NENWSW SEC 5-T10S-R22E
UINTAH COUNTY, UTAH
UTU-01191-A

ONSHORE ORDER NO. 1

DRILLING PROGRAM

1. **Estimated Tops of Important Geologic Markers:**

| <u>Formation</u> | <u>Depth</u> |
|-------------------------|--------------|
| Uinta | 0- Surface |
| Green River | 1221' |
| Top of Birds Nest Water | 1574' |
| Mahogany | 2203' |
| Wasatch | 4432' |
| Mesaverde | 6964' |
| MVU2 | 7897' |
| MVL1 | 8478 |
| TD | 9090' |

2. **Estimated Depths of Anticipated Water, Oil, Gas, or Mineral Formations:**

| <u>Substance</u> | <u>Formation</u> | <u>Depth</u> |
|------------------|-------------------------|--------------|
| | Green River | 1221' |
| | Top of Birds Nest Water | 1574' |
| | Mahogany | 2203' |
| | Wasatch | 4432' |
| Gas | Mesaverde | 6964' |
| Gas | MVU2 | 7897' |
| Gas | MVL1 | 8478 |
| Water | N/A | |
| Other Minerals | N/A | |

3. **Pressure Control Equipment** (Schematic Attached)

Please see the Natural Buttes Unit Standard Operating Procedure (SOP).

4. **Proposed Casing & Cementing Program:**

Please see the Natural Buttes Unit SOP.

5. **Drilling Fluids Program:**

Please see the Natural Buttes Unit SOP.

6. **Evaluation Program:**

Please see the Natural Buttes Unit SOP.

7. **Abnormal Conditions:**

Maximum anticipated bottomhole pressure calculated at 9090' TD, approximately equals 5636 psi (calculated at 0.62 psi/foot).

Maximum anticipated surface pressure equals approximately 3636 psi (bottomhole pressure minus the pressure of a partially evacuated hole calculated at 0.22 psi/foot).

8. **Anticipated Starting Dates:**

Drilling is planned to commence immediately upon approval of this application.

9. **Variances:**

Please see Natural Buttes Unit SOP.

10. **Other Information:**

Please see Natural Buttes Unit SOP.



KERR-McGEE OIL & GAS ONSHORE LP DRILLING PROGRAM

COMPANY NAME KERR-McGEE OIL & GAS ONSHORE LP DATE August 16, 2006
WELL NAME NBU 1022-5L-1 TD 9,090' MD/TVD
FIELD Natural Buttes COUNTY Uintah STATE Utah ELEVATION 5,141' GL KB 5,156'
SURFACE LOCATION NENWSW SECTION 5, T10S, R22E 2132'FSL, 986'FWL BHL Straight Hole
Latitude: 39.976581 Longitude: 109.469647
OBJECTIVE ZONE(S) Wasatch/Mesaverde
ADDITIONAL INFO Regulatory Agencies: BLM (SURF & MINERALS), UDOGM, Tri-County Health Dept.

| GEOLOGICAL FORMATION | | | MECHANICAL | | |
|--|---------------------------|--------|------------|--|---------------------------------------|
| LOGS | TOPS | DEPTH | HOLE SIZE | CASING SIZE | MUD WEIGHT |
| | | 40' | | 14" | |
| | | | 12-1/4" | 9-5/8", 32.3#, H-40, STC | Air mist |
| Catch water sample, if possible, from 0 to 4,432' | | | | | |
| | Green River @ | 1,221' | | | |
| | Top of Birds Nest Water @ | 1574' | | | |
| | Preset f/ GL @ | | | | |
| | 2,080' MD | | | | |
| Note: 12.25" surface hole will usually be drilled ±400' below the bottom of lost circulation zone. Drilled depth may be ±200' of the estimated set depth depending on the actual depth of the loss zone. | | | | | |
| | Mahogany @ | 2,203' | | | |
| Mud logging program TBD | | | | | |
| Open hole logging program f/ TD - surf csg | | | | | |
| | Wasatch @ | 4,432' | 7-7/8" | 4-1/2", 11.6#, I-80 or equivalent LTC casing | Water/Fresh Water Mud 8.3-11.5 ppg |
| | Mverde @ | 6,964' | | | |
| | MVU2 @ | 7,897' | | | |
| | MVL1 @ | 8,478' | | | |
| | | | | | Max anticipated Mud required 11.5 ppg |
| | TD @ | 9,090' | | | |



KERR-McGEE OIL & GAS ONSHORE LP **DRILLING PROGRAM**

CASING PROGRAM

| | SIZE | INTERVAL | WT. | GR. | CPLG. | DESIGN FACTORS | | |
|------------|--------|-----------|-------|------|-------|----------------|----------|---------|
| | | | | | | BURST | COLLAPSE | TENSION |
| CONDUCTOR | 14" | 0-40' | | | | 2270 | 1370 | 254000 |
| SURFACE | 9-5/8" | 0 to 2080 | 32.30 | H-40 | STC | 0.66***** | 1.41 | 4.32 |
| | | | | | | 7780 | 6350 | 201000 |
| PRODUCTION | 4-1/2" | 0 to 9090 | 11.60 | I-80 | LTC | 2.26 | 1.17 | 2.18 |

- 1) Max Anticipated Surf. Press.(MASP) (Surface Casing) = (Pore Pressure at next csg point-(0.22 psi/ft-partial evac gradient x TVD of next csg point)
 2) MASP (Prod Casing) = Pore Pressure at TD - (.22 psi/ft-partial evac gradient x TD)
 (Burst Assumptions: TD = 11.5 ppg) .22 psi/ft = gradient for partially evac wellbore
 (Collapse Assumption: Fully Evacuated Casing, Max MW) (Tension Assumptions: Air Weight of Casing*Buoy.Fact. of water)
 MASP 3436 psi

***** Burst SF is low but csg is much stronger than formation at 2000'. EMW @ 2000' for 2270# is 21.8 ppg or 1.13 psi/ft

CEMENT PROGRAM

| | | FT. OF FILL | DESCRIPTION | SACKS | EXCESS | WEIGHT | YIELD |
|---|-----------------|-------------|--|---------|--------|--------|-------|
| SURFACE Option 1 | LEAD | 500 | Premium cmt + 2% CaCl + .25 pps flocele | 215 | 60% | 15.60 | 1.18 |
| | TOP OUT CMT (1) | 200 | 20 gals sodium silicate + Premium cmt + 2% CaCl + .25 pps flocele | 50 | | 15.60 | 1.18 |
| | TOP OUT CMT (2) | as required | Premium cmt + 2% CaCl | as req. | | 15.60 | 1.18 |
| NOTE: If well will circulate water to surface, option 2 will be utilized | | | | | | | |
| SURFACE Option 2 | LEAD | 1500 | Prem cmt + 16% Gel + 10 pps gilsonite +.25 pps Flocele + 3% salt BWOC | 170 | 35% | 11.00 | 3.82 |
| | TAIL | 500 | Premium cmt + 2% CaCl + .25 pps flocele | 180 | 35% | 15.60 | 1.18 |
| | TOP OUT CMT | as required | Premium cmt + 2% CaCl | as req. | | 15.60 | 1.18 |
| PRODUCTION | LEAD | 3,930' | Premium Lite II + 3% KCl + 0.25 pps celloflake + 5 pps gilsonite + 10% gel + 0.5% extender | 430 | 60% | 11.00 | 3.38 |
| | TAIL | 5,160' | 50/50 Poz/G + 10% salt + 2% gel +.1% R-3 | 1440 | 60% | 14.30 | 1.31 |

*Substitute caliper hole volume plus 0% excess for LEAD if accurate caliper is obtained

*Substitute caliper hole volume plus 10% excess for TAIL if accurate caliper is obtained

FLOAT EQUIPMENT & CENTRALIZERS

| | |
|------------|---|
| SURFACE | Guide shoe, 1 jt, insert float. Centralize first 3 joints with bow spring centralizers. Thread lock guide shoe. |
| PRODUCTION | Float shoe, 1 jt, float collar. Centralize first 3 joints & every third joint to top of tail cement with bow spring centralizers. |

ADDITIONAL INFORMATION

Test casing head to 750 psi after installing. Test surface casing to 1,500 psi prior to drilling out.

BOPE: 11" 5M with one annular and 2 rams. Test to 5,000 psi (annular to 2,500 psi) prior to drilling out. Record on chart recorder & tour sheet. Function test rams on each trip. Maintain safety valve & inside BOP on rig floor at all times. Kelly to be equipped with upper & lower kelly valves.

Drop Tolco surveys every 2000'. Maximum allowable hole angle is 5 degrees.

Most rigs have PVT Systems for mud monitoring. If no PVT is available, visual monitoring will be utilized.

DRILLING ENGINEER:

Brad Laney

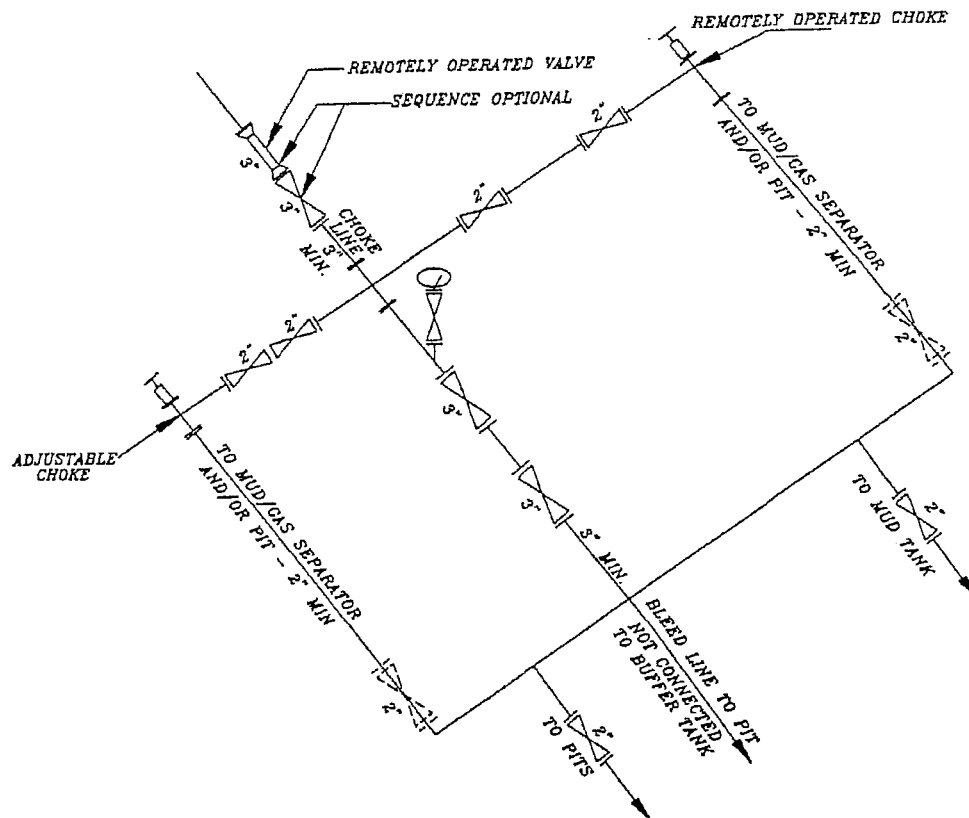
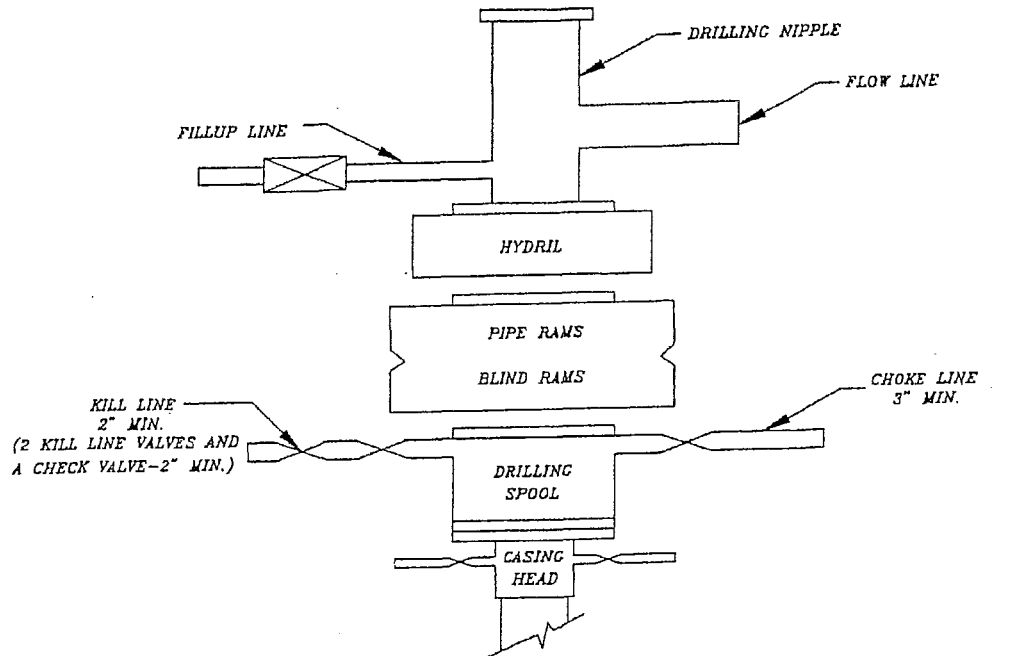
DATE:

DRILLING SUPERINTENDENT:

Randy Bayne

DATE:

5M BOP STACK and CHOKE MANIFOLD SYSTEM



NBU #1022-5L-1
NENWSW SEC 5-T10S-R22E
UINTAH COUNTY, UTAH
UTU-01191-A

ONSHORE ORDER NO. 1

MULTI-POINT SURFACE USE & OPERATIONS PLAN

1. **Existing Roads:**

Refer to the attached location directions.

Refer to Topo Maps A and B for location of access roads within a 2-mile radius.

2. **Planned Access Roads:**

Please see the Natural Buttes Unit Standard Operating Procedure (SOP).

Approximately 220' +/- of access road is proposed. Please refer to the attached Topo Map B.

3. **Location of Existing Wells Within a 1-Mile Radius:**

Please refer to Topo Map C.

4. **Location of Existing & Proposed Facilities:**

Please see the Natural Buttes Unit SOP.

Approximately 1650' +/- of 4" pipeline to tie-in to an existing pipeline is proposed. Refer to Topo Map D.

Variances to Best Management Practices (BMPs) Requested:

The pipeline shall be installed on surface within the access corridor for the well location. As a Best Management Practice (BMP), the pipeline would be buried within the access road corridor if possible. The construction of pipelines requires the corridor of 30 feet.

This exception to the BMP should be granted by the BLM Authorized Officer because indurated bedrock, such as sandstone, is at or within 2 feet of the surface and the soil has a poor history for successful rehabilitation.

All facilities will be painted within six months of installation. Facilities required to comply with the Occupational Safety and Health Act (OSHA) will be excluded. The requested color is Carlsbad Canyon Brown (2.5Y 6/2), a non-reflective earthtone.

5. **Location and Type of Water Supply:**

Please see the Natural Buttes SOP.

6. **Source of Construction Materials:**

Please see the Natural Buttes SOP.

7. **Methods of Handling Waste Materials:**

Please see the Natural Buttes SOP.

Any produced water from the proposed well will be contained in a water tank and will then be hauled by truck to one of the pre-approved disposal sites: RNI, Sec. 5, T9S, R22E, NBU #159, Sec. 35, T9S R21E, Ace Oilfield, Sec. 2, T6S, R20E, MC&MC, Sec. 12, T6S, R19E (*Request is in lieu of filing Form 3160-5, after initial production*).

8. **Ancillary Facilities:**

Please see the Natural Buttes SOP.

9. **Well Site Layout:** (See Location Layout Diagram)

The attached Location Layout Diagram describes drill pad cross-sections, cuts and fills, and locations of the mud tanks, reserve pit, flare pit, pipe racks, trailer parking, spoil dirt stockpile(s), and surface material stockpile(s).

Please see the attached diagram to describe rig orientation, parking areas, and access roads.

A 20 mil reserve pit liner with felt will be used. As discussed at the on-site inspection.

Location size may change prior to the drilling of the well due to the current rig availability. If the proposed location is not large enough to accommodate the drilling rig. The location will be re-surveyed and a form 3160-5 will be submitted.

10. **Plans for Reclamation of the Surface:**

Please see the Natural Buttes SOP.

When the pit is backfilled, the topsoil pile shall be spread on the location up to the rig anchor points. The location will be reshaped to the original contour to the extent possible. The following seed mixture will be used to reclaim the surface for interim reclamation using appropriate reclamation methods. A total of 12 lbs/acre will be used if the seeds are drilled (24 lbs/acre if the seeds are broadcast). The per acre requirements for *drilled* seed are:

Galletta Grass

20 lbs.

Operator shall call the BLM for the seed mixture when final reclamation occurs.

11. Surface Ownership:

The well pad and access road are located on lands owned by:

United States of America
Bureau of Land Management
170 South 500 East
Vernal, UT 84078
(435)781-4400

12. Other Information:

A Class III Archaeological Survey Report No. 06-164, completed on May 3, 2006 for the well location; also, a Archaeological Survey Report No. 06-363 completed on July 31, 2006 for the pipeline. These two Archaeological Reports are submitted along with the Application for Permit to Drill. The paleontological survey have been performed and will be filed when received by our office.

This location is not within 460' from the boundary of the Natural Buttes Unit, nor is it within 460' of any non-committed tract lying with the boundaries of the unit.

13. Lessee's or Operator's Representative & Certification:

Sheila Ucphego
Regulatory Analyst
Kerr-McGee Oil & Gas Onshore LP
1368 South 1200 East
Vernal, UT 84078
(435) 781-7024

Randy Bayne
Drilling Manager
Kerr-McGee Oil & Gas Onshore LP
1368 South 1200 East
Vernal, UT 84078
(435) 781-7018

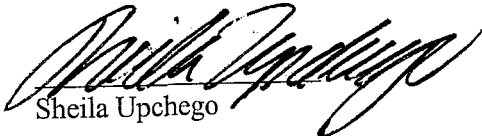
Certification: All lease and/or unit operations will be conducted in such a manner that full compliance is made with all applicable laws, regulations, Onshore Oil and Gas Orders, the approved Plan of Operations, and any applicable Notice to Lessees.

Kerr-McGee Oil & Gas Onshore LP is considered to be the operator of the subject well. Kerr-McGee Oil & Gas Onshore LP agrees to be responsible under the terms and conditions of the lease for the operations conducted upon leased lands.

The Operator will be fully responsible for the actions of its subcontractors. A complete copy of the approved "Application for Permit to Drill" will be furnished to the field representative(s) to ensure compliance and shall be on location during all construction and drilling operations.

Bond coverage pursuant to 43 CFR 3104 for lease activities is being provided by BLM Nationwide Bond #WY-2357.

I hereby certify that I, or persons under my supervision, have inspected the proposed drill site and access route, that I am familiar with the conditions that currently exist; that the statements made in this plan are, to the best of my knowledge, true and correct; and the work associated with the operations proposed herein will be performed by the Operator, its contractors, and subcontractors in conformity with this plan and the terms and conditions under which it is approved.



Sheila Upchego

8/17/2006

Date

Kerr-McGee Oil & Gas Onshore LP
NBU #1022-5L-1
SECTION 5, T10S, R22E, S.L.B.&M.

PROCEED IN A WESTERLY DIRECTION FROM VERNAL, UTAH ALONG U.S. HIGHWAY 40 APPROXIMATELY 14.0 MILES TO THE JUNCTION OF STATE HIGHWAY 88; EXIT LEFT AND PROCEED IN A SOUTHERLY DIRECTION APPROXIMATELY 17.0 MILES TO OURAY, UTAH; PROCEED IN A SOUTHERLY DIRECTION APPROXIMATELY 6.9 MILES TO THE JUNCTION OF THIS ROAD AND AN EXISTING ROAD TO THE SOUTHEAST; TURN LEFT AND PROCEED IN A SOUTHEASTERLY, THEN EASTERLY DIRECTION APPROXIMATELY 5.0 MILES TO THE JUNCTION OF THIS ROAD AND AN EXISTING ROAD TO THE NORTHWEST; TURN LEFT AND PROCEED IN A NORTHWESTERLY DIRECTION APPROXIMATELY 0.3 MILES TO THE JUNCTION OF THIS ROAD AND AN EXISTING ROAD TO THE NORTHEAST; TURN RIGHT AND PROCEED IN A NORTHEASTERLY DIRECTION APPROXIMATELY 3.9 MILES TO THE JUNCTION OF THIS ROAD AND AN EXISTING ROAD TO THE NORTHEAST; PROCEED IN A NORTHEASTERLY DIRECTION APPROXIMATELY 0.9 MILES TO THE JUNCTION OF THIS ROAD AND AN EXISTING ROAD TO THE SOUTHWEST; TURN RIGHT AND PROCEED IN A SOUTHWESTERLY, THEN SOUTHEASTERLY DIRECTION APPROXIMATELY 5.8 MILES TO THE JUNCTION OF THIS ROAD AND AN EXISTING ROAD TO THE NORTHTHEAST; TURN LEFT AND PROCEED IN A NORTHEASTERLY DIRECTION APPROXIMATELY 0.4 MILES TO THE PROPOSED ACCESS ROAD TO THE NORTHWEST; FOLLOW ROAD FLAGS IN A NORTHWESTERLY DIRECTION APPROXIMATELY 220' TO THE PROPOSED LOCATION.

TOTAL DISTANCE FROM VERNAL, UTAH TO THE PROPOSED WELL LOCATION IS APPROXIMATELY 54.3 MILES.

Kerr-McGee Oil & Gas Onshore LP

NBU #1022-5L-1

LOCATED IN UINTAH COUNTY, UTAH
SECTION 5, T10S, R22E, S.L.B.&M.

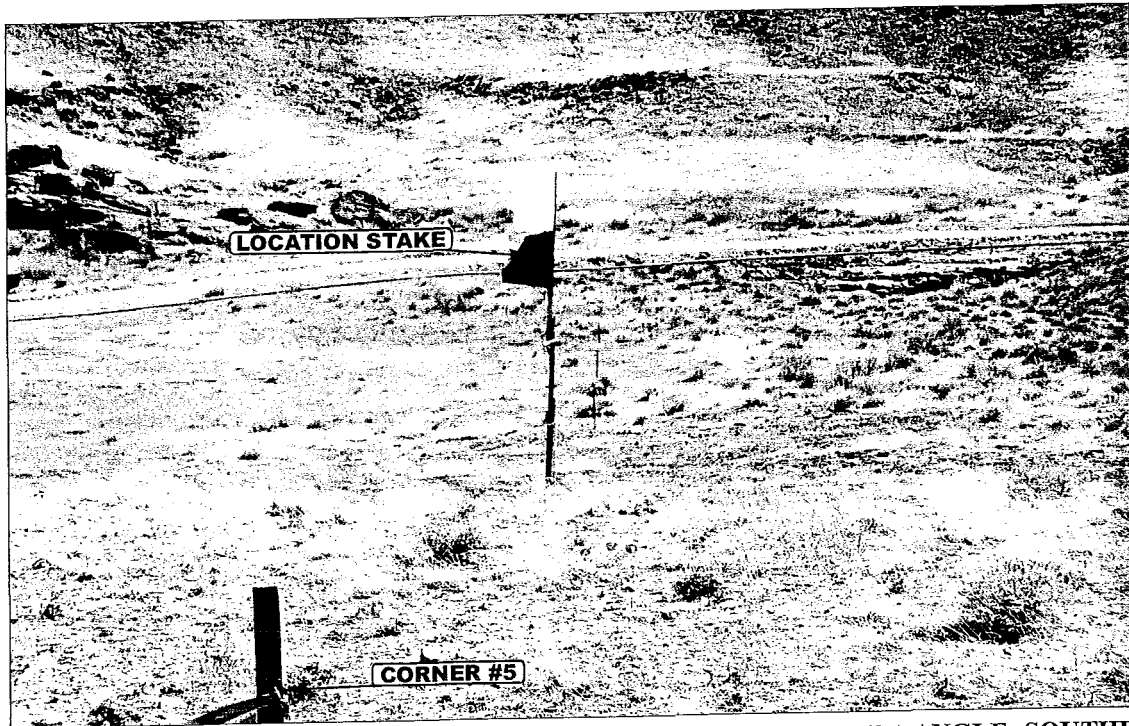


PHOTO: VIEW FROM CORNER #5 TO LOCATION STAKE

CAMERA ANGLE: SOUTHEASTERLY

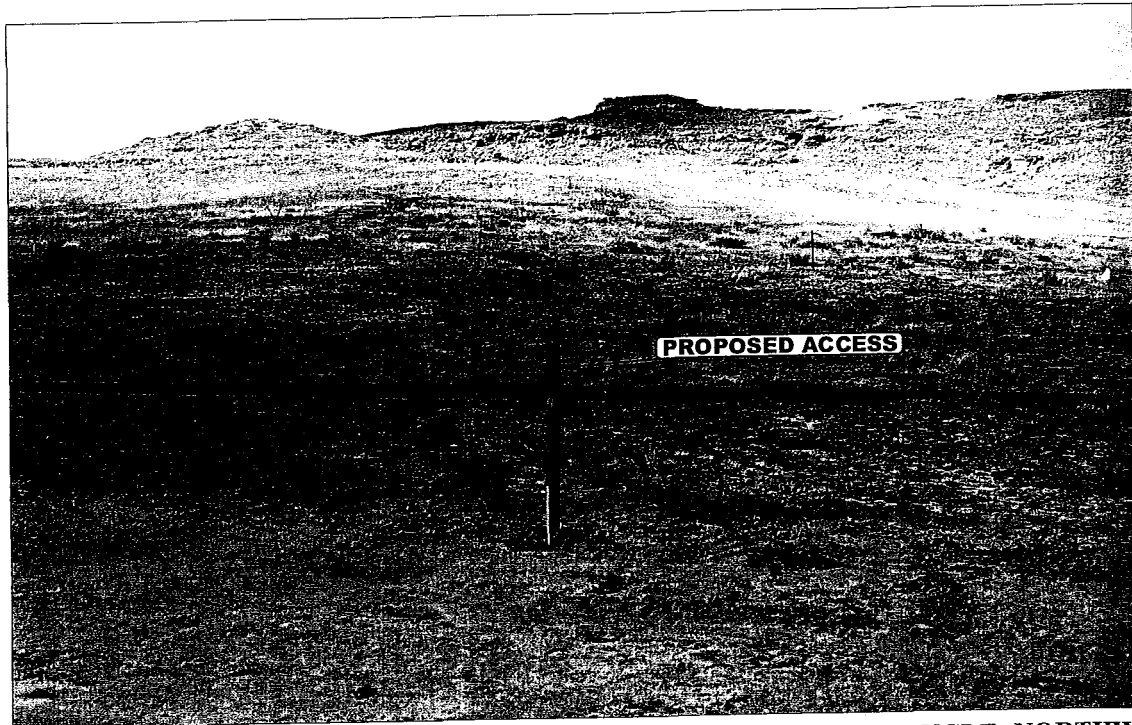


PHOTO: VIEW FROM BEGINNING OF PROPOSED ACCESS

CAMERA ANGLE: NORTHWESTERLY



- Since 1964 -

UELS Uintah Engineering & Land Surveying
85 South 200 East Vernal, Utah 84078
435-789-1017 uels@uelsinc.com

LOCATION PHOTOS

04
MONTH

18
DAY

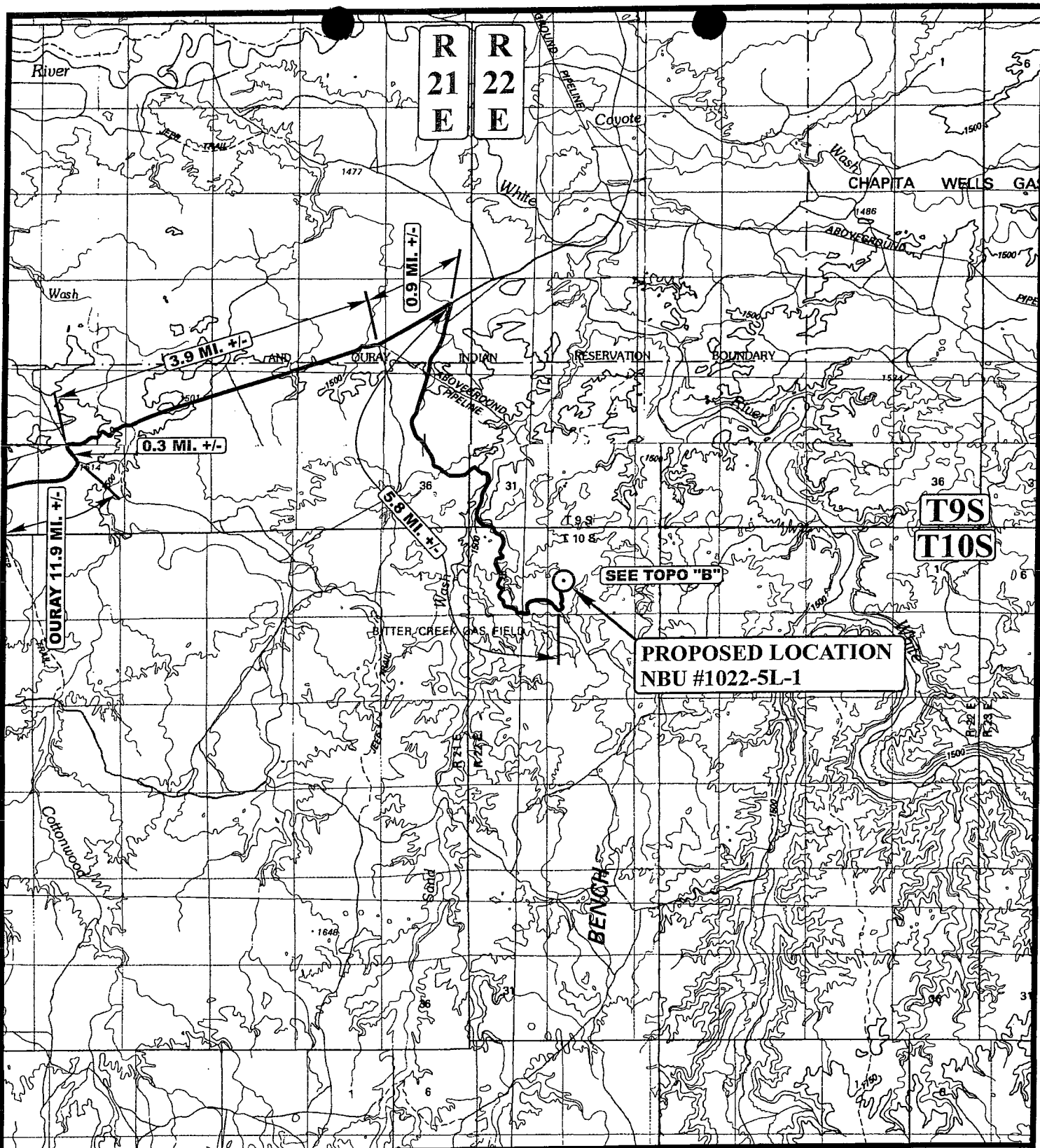
06
YEAR

PHOTO

TAKEN BY: P.J.

DRAWN BY: C.P.

REVISED: 00-00-00



LEGEND:

○ PROPOSED LOCATION



Kerr-McGee Oil & Gas Onshore LP

NBU #1022-5L-1

SECTION 5, T10S, R22E, S.L.B.&M.

2132' FSL 986' FWL



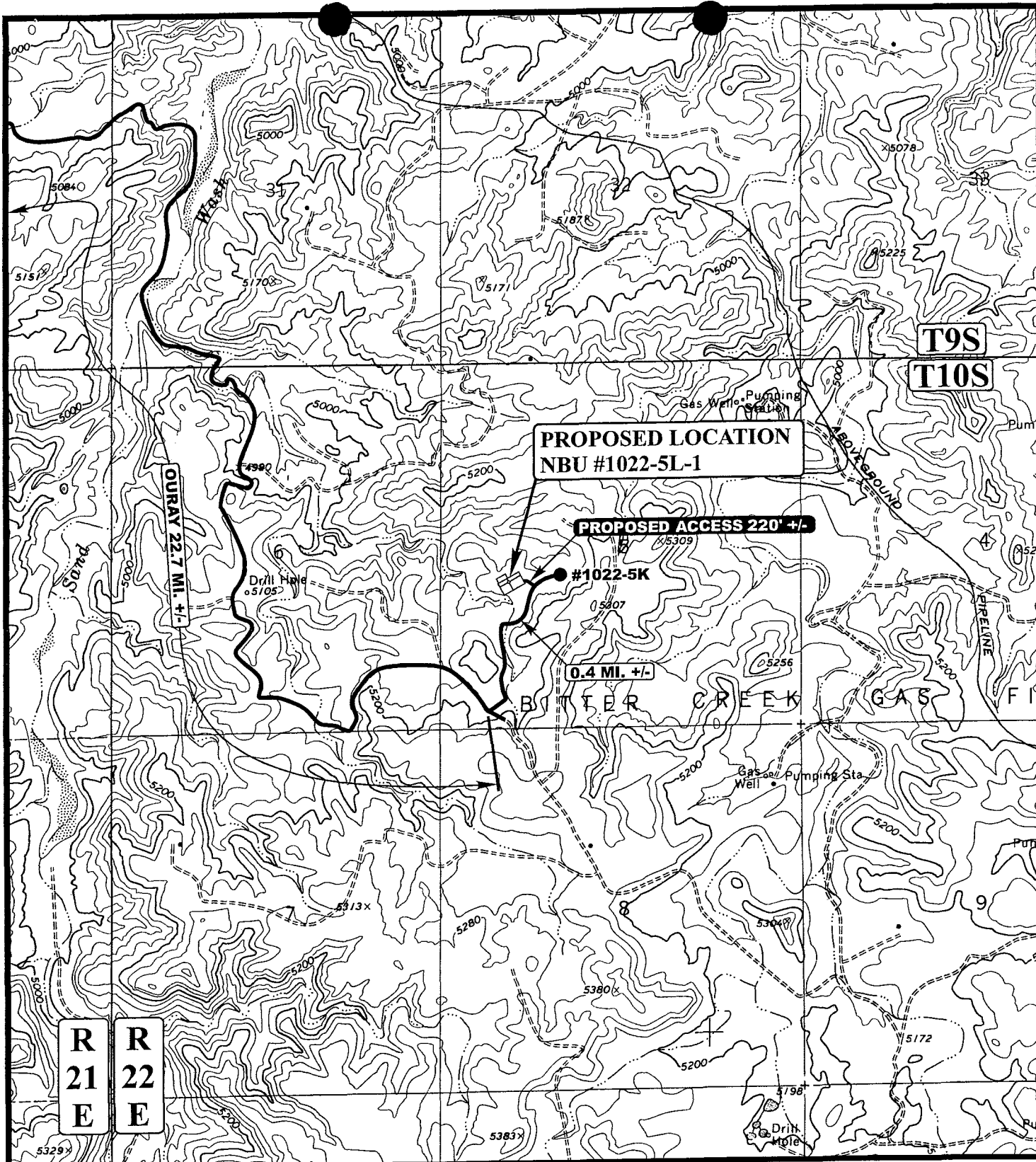
Uintah Engineering & Land Surveying
85 South 200 East Vernal, Utah 84078
(435) 789-1017 * FAX (435) 789-1813

TOPOGRAPHIC
MAP

04 **18** **06**
MONTH DAY YEAR

SCALE: 1:100,000 DRAWN BY: C.P. REVISED: 00-00-00





LEGEND:

————— EXISTING ROAD
 - - - - - PROPOSED ACCESS ROAD

N

Kerr-McGee Oil & Gas Onshore LP

NBU #1022-5L-1
 SECTION 5, T10S, R22E, S.L.B.&M.
 2132' FSL 986' FWL

U
E
L
S

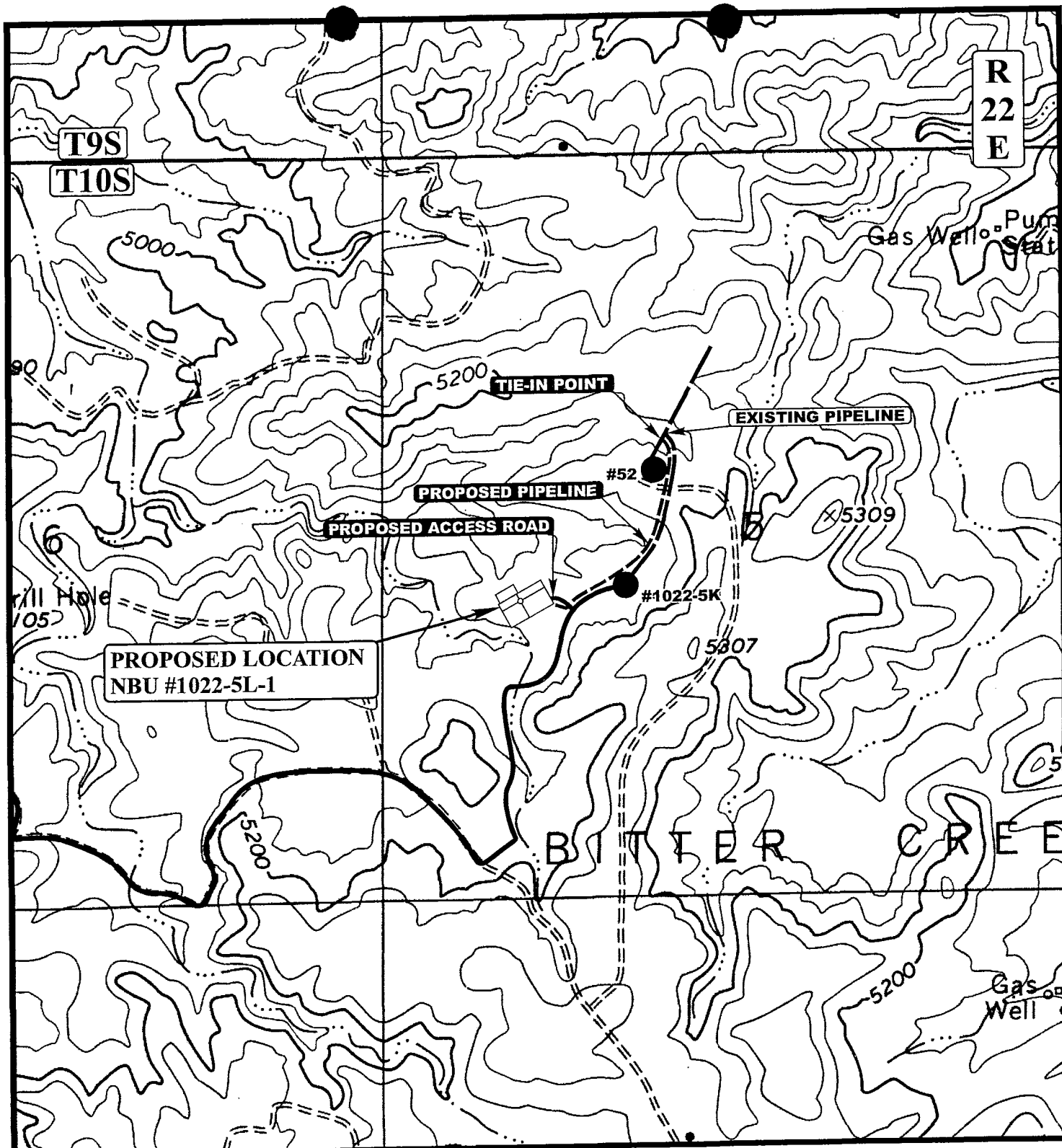
Uintah Engineering & Land Surveying
 85 South 200 East Vernal, Utah 84078
 (435) 789-1017 * FAX (435) 789-1813

TOPOGRAPHIC
 MAP

04 18 06
 MONTH DAY YEAR

SCALE: 1" = 2000' DRAWN BY: C.P. REVISED: 00-00-00

B
 TOPO



APPROXIMATE TOTAL PIPELINE DISTANCE = 1,650' +/-

LEGEND:

- PROPOSED ACCESS ROAD
- EXISTING PIPELINE
- PROPOSED PIPELINE

N

Kerr-McGee Oil & Gas Onshore LP

NBU #1022-5L-1

SECTION 5, T10S, R22E, S.L.B.&M.

2132' FSL 986' FWL



Uintah Engineering & Land Surveying
 85 South 200 East Vernal, Utah 84078
 (435) 789-1017 * FAX (435) 789-1813

TOPOGRAPHIC
MAP

| | | |
|-------|-----|------|
| 04 | 18 | 06 |
| MONTH | DAY | YEAR |

| | | |
|-------------------|----------------|-------------------|
| SCALE: 1" = 1000' | DRAWN BY: C.P. | REVISED: 07-05-06 |
|-------------------|----------------|-------------------|

D
TOPO

Kerr-McGee Oil & Gas Onshore LP

NBU #1022-5L-1

PIPELINE ALIGNMENT

LOCATED IN UINTAH COUNTY, UTAH

SECTION 5, T10S, R22E, S.L.B.&M.

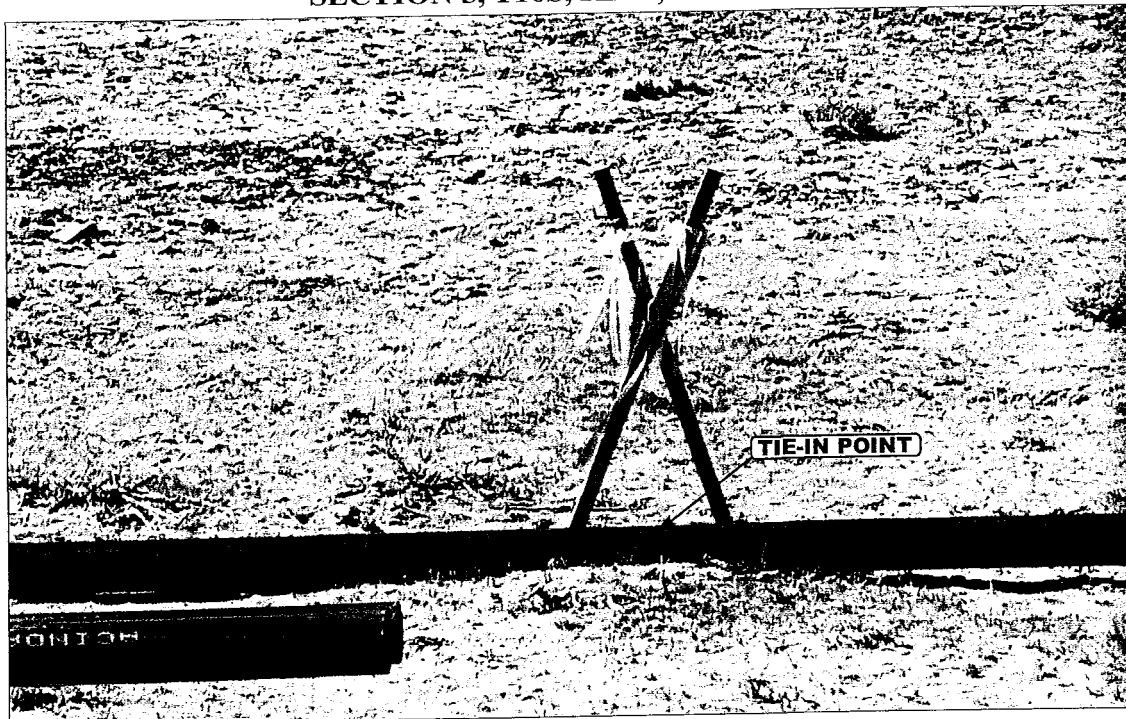


PHOTO: VIEW FROM TIE-IN POINT

CAMERA ANGLE: WESTERLY

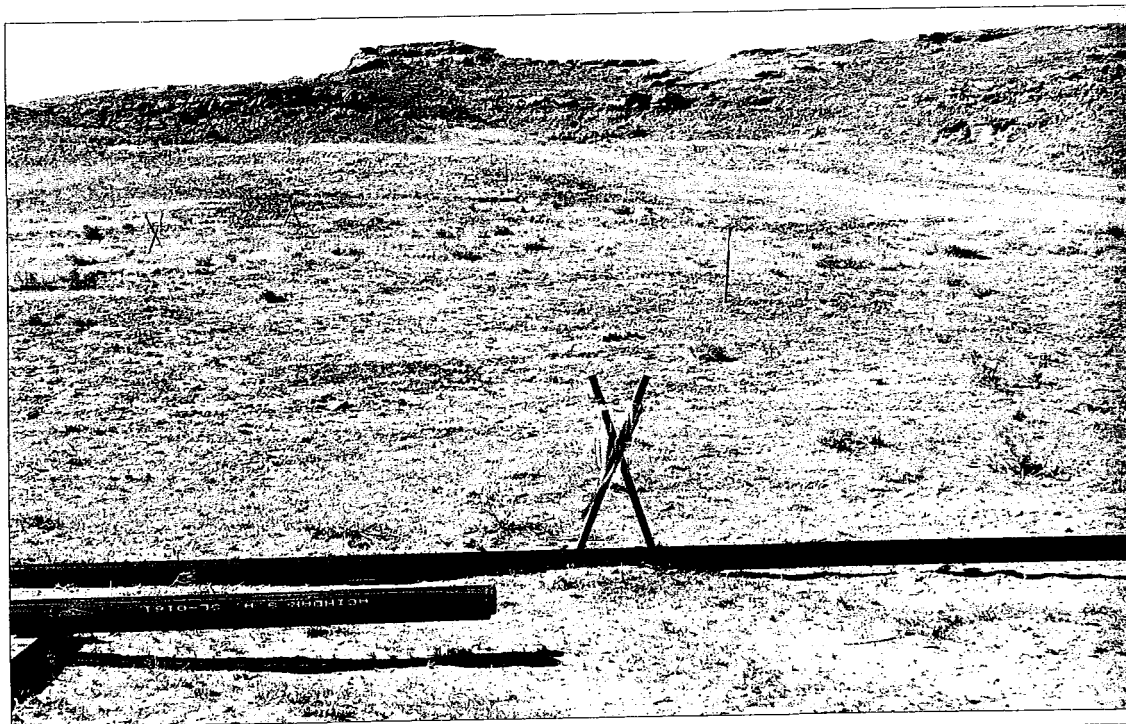


PHOTO: VIEW OF PIPELINE AT LOCATION

CAMERA ANGLE: NORTHWESTERLY



- Since 1964 -

UELS Uintah Engineering & Land Surveying
85 South 200 East Vernal, Utah 84078
435-789-1017 uels@uelsinc.com

PIPELINE PHOTOS

04 18 06
MONTH DAY YEAR

PHOTO

TAKEN BY: P.J.

DRAWN BY: C.P.

REVISED: 00-00-00

Kerr-McGee Oil & Gas Onshore LP

FIGURE #1

LOCATION LAYOUT FOR

NBU #1022-5L-1
SECTION 5, T10S, R22E, S.L.B.&M.
2132' FSL 986' FWL

Proposed Access Road

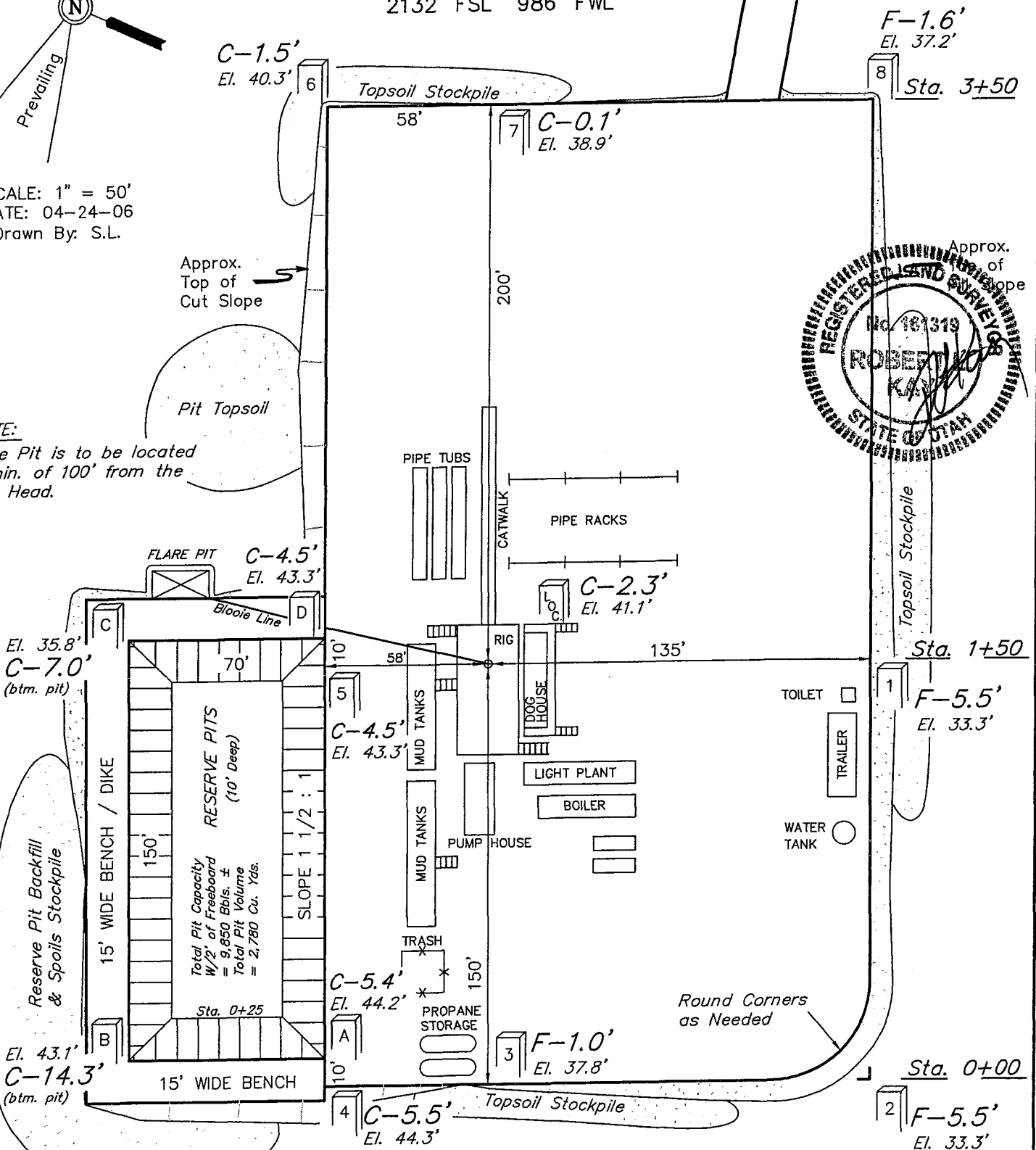
SCALE: 1" = 50'
DATE: 04-24-06
Drawn By: S.L.

Approx.
Top of
Cut Slope

Pit Topsoil

NOTE:

Flare Pit is to be located
a min. of 100' from the
Well Head.



NOTES:

Elev. Ungraded Ground At Loc. Stake = 5141.1'
FINISHED GRADE ELEV. AT LOC. STAKE = 5138.8'

UINTAH ENGINEERING & LAND SURVEYING
85 So. 200 East * Vernal, Utah 84078 * (435) 789-1017

Kerr-McGee Oil & Gas Onshore LP

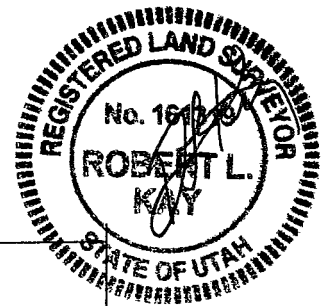
FIGURE #2

TYPICAL CROSS SECTIONS FOR

NBU #1022-5L-1

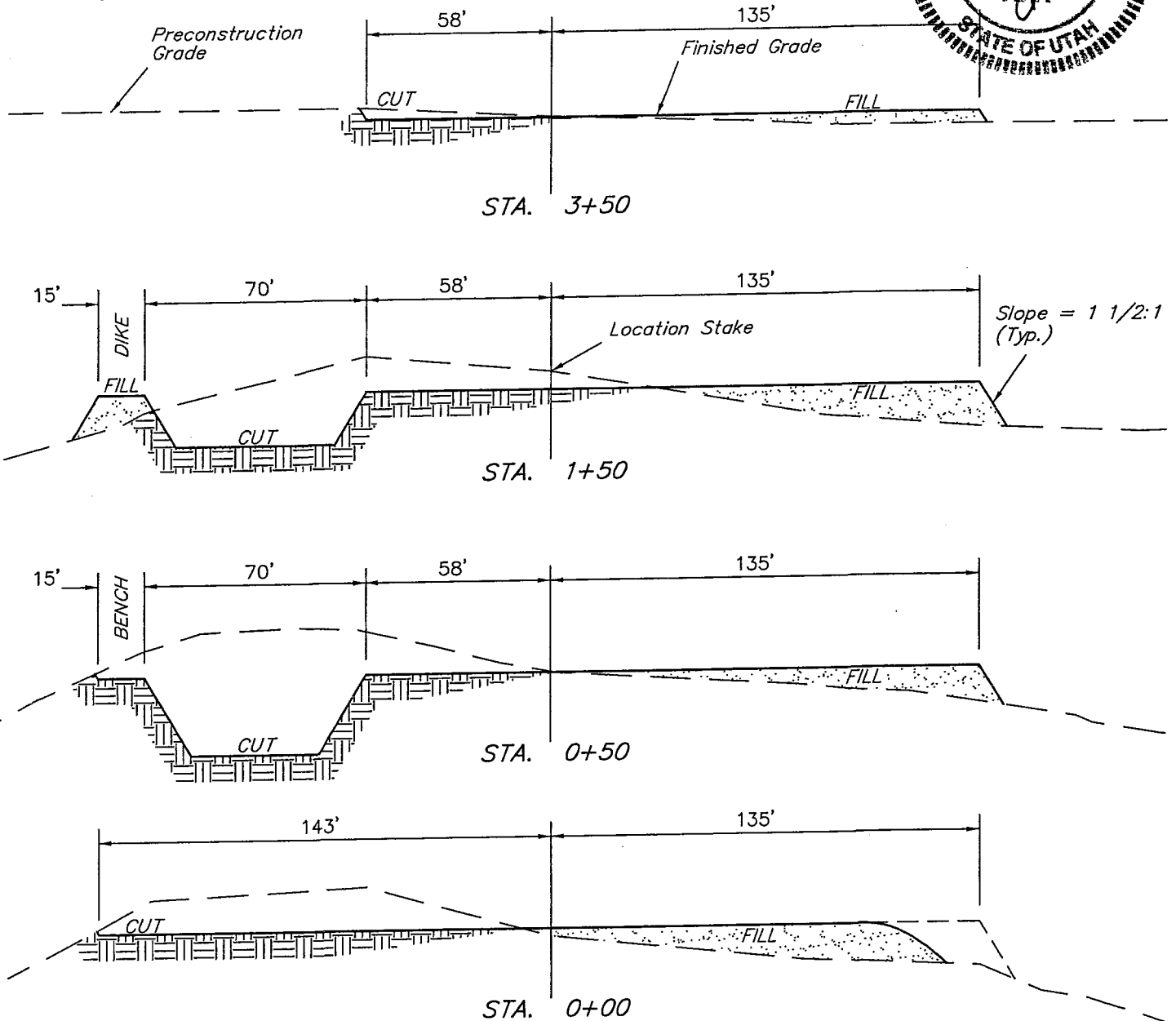
SECTION 5, T10S, R22E, S.L.B.&M.

2132' FSL 986' FWL



1" = 20'
X-Section
Scale
1" = 50'

DATE: 04-24-06
Drawn By: S.L.



NOTE:

Topsoil should not be
Stripped Below Finished
Grade on Substructure Area.

* NOTE:

FILL QUANTITY INCLUDES
5% FOR COMPACTION

APPROXIMATE YARDAGES

CUT

(6") Topsoil Stripping = 1,700 Cu. Yds.

Remaining Location = 6,680 Cu. Yds.

TOTAL CUT = 8,380 CU.YDS.

FILL = 5,290 CU.YDS.

EXCESS MATERIAL = 3,090 Cu. Yds.

Topsoil & Pit Backfill
(1/2 Pit Vol.) = 3,090 Cu. Yds.

EXCESS UNBALANCE = 0 Cu. Yds.
(After Interim Rehabilitation)

UINTAH ENGINEERING & LAND SURVEYING

85 So. 200 East * Vernal, Utah 84078 * (435) 789-1017

WORKSHEET
APPLICATION FOR PERMIT TO DRILL

APD RECEIVED: 08/28/2006

API NO. ASSIGNED: 43-047-38524

WELL NAME: NBU 1022-5L-1

OPERATOR: KERR-MCGEE OIL & GAS (N2995)

CONTACT: SHEILA UPCHEGO

PHONE NUMBER: 435-781-7024

PROPOSED LOCATION:

NWSW 05 100S 220E

SURFACE: 2132 FSL 0986 FWL

BOTTOM: 2132 FSL 0986 FWL

COUNTY: UTAH

LATITUDE: 39.97656 LONGITUDE: -109.4689

UTM SURF EASTINGS: 630745 NORTHINGS: 4426068

FIELD NAME: NATURAL BUTTES (630)

| | | |
|------------------------|----------|------|
| INSPECT LOCATN BY: / / | | |
| Tech Review | Initials | Date |
| Engineering | | |
| Geology | | |
| Surface | | |

LEASE TYPE: 1 - Federal

LEASE NUMBER: UTU-01191-A

SURFACE OWNER: 1 - Federal

PROPOSED FORMATION: WSMVD

COALBED METHANE WELL? NO

RECEIVED AND/OR REVIEWED:

☒ Plat
☒ Bond: Fed[1] Ind[] Sta[] Fee[]
(No. WY-2357)
☒ Potash (Y/N)
☒ Oil Shale 190-5 (B) or 190-3 or 190-13
☒ Water Permit
(No. 43-8496)
☒ RDCC Review (Y/N)
(Date:)
☒ Fee Surf Agreement (Y/N)
☒ Intent to Commingle (Y/N)

LOCATION AND SITING:

___ R649-2-3.
Unit: NATURAL BUTTES
___ R649-3-2. General
Siting: 460' From Qtr/Qtr & 920' Between Wells
___ R649-3-3. Exception
☒ Drilling Unit
Board Cause No: 173-14
Eff Date: 12-2-1999
Siting: 460' fr 12 bdrg & uncomm. Tracts
___ R649-3-11. Directional Drill

COMMENTS:

Sup. Separate Pls.

STIPULATIONS:

*1- Fed. re Approval
2- OIL SHALE*

United States Department of the Interior

BUREAU OF LAND MANAGEMENT

Utah State Office
P.O. Box 45155
Salt Lake City, Utah 84145-0155

IN REPLY REFER TO:
3160
(UT-922)

August 29, 2006

Memorandum

To: Assistant District Manager Minerals, Vernal District

From: Michael Coulthard, Petroleum Engineer

Subject: 2006 Plan of Development Natural Buttes Unit Uintah
County, Utah.

Pursuant to email between Diana Whitney, Division of Oil, Gas and Mining, and Mickey Coulthard, Utah State Office, Bureau of Land Management, the following wells are planned for calendar year 2006 within the Natural Buttes Unit, Uintah County, Utah.

| API # | WELL NAME | LOCATION |
|----------------|----------------|------------------------------------|
| (PZ MesaVerde) | | |
| 43-047-38513 | NBU 1022-3M-4T | Sec 03 T10S R22E 0639 FSL 0665 FWL |
| 43-047-38514 | NBU 1022-4D-1T | Sec 04 T10S R22E 0565 FNL 1162 FWL |
| 43-047-38515 | NBU 1022-41-4 | Sec 04 T10S R22E 1656 FSL 0537 FEL |
| 43-047-38516 | NBU 1022-4E-1T | Sec 04 T10S R22E 1623 FNL 1289 FWL |
| 43-047-38517 | NBU 1022-4J-4T | Sec 04 T10S R22E 1385 FSL 1941 FEL |
| 43-047-38511 | NBU 922-34O-3 | Sec 34 T09S R22E 0011 FSL 1433 FEL |
| 43-047-38512 | NBU 922-34D-3 | Sec 34 T09S R22E 1217 FNL 0162 FWL |
| 43-047-38525 | NBU 1022-6G-1 | Sec 06 T10S R22E 1372 FNL 1338 FEL |
| 43-047-38526 | NBU 1022-6L-1 | Sec 06 T10S R22E 2451 FSL 0708 FWL |
| 43-047-38527 | NBU 1022-6P-4 | Sec 06 T10S R22E 0413 FSL 0281 FEL |
| 43-047-38528 | NBU 1022-6C-4 | Sec 06 T10S R22E 1178 FNL 2192 FEL |
| 43-047-38518 | NBU 1022-5O-1 | Sec 05 T10S R22E 0873 FSL 1630 FEL |
| 43-047-38519 | NBU 1022-5M-2 | Sec 05 T10S R22E 1219 FSL 0116 FWL |
| 43-047-38520 | NBU 1022-51-4 | Sec 05 T10S R22E 1955 FSL 0139 FEL |
| 43-047-38521 | NBU 1022-5N-2 | Sec 05 T10S R22E 1228 FSL 1980 FWL |
| 43-047-38522 | NBU 1022-5C-4 | Sec 05 T10S R22E 1269 FNL 2606 FWL |
| 43-047-38523 | NBU 1022-5D-4T | Sec 05 T10S R22E 0696 FNL 0894 FWL |
| 43-047-38524 | NBU 1022-5L-1 | Sec 05 T10S R22E 2132 FSL 0986 FWL |

This office has no objection to permitting the wells at this time.



State of Utah

**Department of
Natural Resources**

MICHAEL R. STYLER
Executive Director

**Division of
Oil, Gas & Mining**

JOHN R. BAZA
Division Director

JON M. HUNTSMAN, JR.
Governor

GARY R. HERBERT
Lieutenant Governor

August 29, 2006

Kerr McGee Oil & Gas Onshore LP
1368 S 1200 E
Vernal, UT 84078

Re: Natural Buttes Unit 1022-5L-1 Well, 2132' FSL, 986' FWL, NW SW, Sec. 5,
T. 10 South, R. 22 East, Uintah County, Utah

Gentlemen:

Pursuant to the provisions and requirements of Utah Code Ann. § 40-6-1 *et seq.*, Utah Administrative Code R649-3-1 *et seq.*, and the attached Conditions of Approval, approval to drill the referenced well is granted.

This approval shall expire one year from the above date unless substantial and continuous operation is underway, or a request for extension is made prior to the expiration date. The API identification number assigned to this well is 43-047-38524.

Sincerely,

Gil Hunt
Associate Director

pab
Enclosures

cc: Uintah County Assessor
Bureau of Land Management, Vernal District Office

Operator: Kerr McGee Oil & Gas Onshore LP
Well Name & Number Natural Buttes Unit 1022-5L-1
API Number: 43-047-38524
Lease: UTU-01191-A

Location: NW SW Sec. 5 T. 10 South R. 22 East

Conditions of Approval

1. General

Compliance with the requirements of Utah Admin. R. 649-1 *et seq.*, the Oil and Gas Conservation General Rules, and the applicable terms and provisions of the approved Application for permit to drill.

2. Notification Requirements

Notify the Division within 24 hours of spudding the well.

- Contact Carol Daniels at (801) 538-5284.

Notify the Division prior to commencing operations to plug and abandon the well.

- Contact Dan Jarvis at (801) 538-5338

3. Reporting Requirements

All required reports, forms and submittals will be promptly filed with the Division, including but not limited to the Entity Action Form (Form 6), Report of Water Encountered During Drilling (Form 7), Weekly Progress Reports for drilling and completion operations, and Sundry Notices and Reports on Wells requesting approval of change of plans or other operational actions.

4. In accordance with Order in Cause No. 190-5(b) dated October 28, 1982, the Operator shall comply with requirements of Rules R649-3-31 and R649-3-27 pertaining to Designated Oil Shale Areas. Additionally, the operator shall ensure that the surface and/or production casing is properly cemented over the entire oil shale interval as defined by Rule R649-3-31. The Operator shall report the actual depth the oil shale is encountered to the Division.

5. State approval of this well does not supersede the required federal approval, which must be obtained prior to drilling.

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

APPLICATION FOR PERMIT TO DRILL OR REENTER

RECEIVED

AUG 18 2006

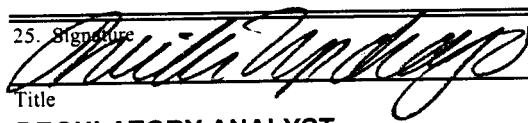
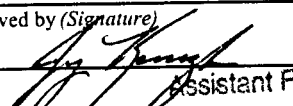
FORM APPROVED
OMB No. 1004-0136
Expires November 30, 2000

| | | |
|---|--|---|
| 1a. Type of Work: <input checked="" type="checkbox"/> DRILL <input type="checkbox"/> REENTER | | 5. Lease Serial No. UTU-01191-A |
| b. Type of Well: <input type="checkbox"/> Oil Well <input checked="" type="checkbox"/> Gas Well <input type="checkbox"/> Other <input type="checkbox"/> Single Zone <input checked="" type="checkbox"/> Multiple Zone | | 6. If Indian, Allottee or Tribe Name |
| 2. Name of Operator KERR MCGEE OIL & GAS ONSHORE LP | | 7. If Unit or CA Agreement, Name and No. UNIT #891008900A |
| 3A. Address 1368 SOUTH 1200 EAST VERNAL, UT 84078 | 3b. Phone No. (include area code) (435) 781-7024 | 8. Lease Name and Well No. NBU 1022-5L-1 |
| 4. Location of Well (Report location clearly and in accordance with any State requirements. *) At surface NENWSW 2132'FSL, 986'FWL At proposed prod. Zone | | 9. API Well No. 43-047-38524 |
| 14. Distance in miles and direction from nearest town or post office* 23.1 MILES SOUTHEAST OF OURAY, UTAH | | 10. Field and Pool, or Exploratory NATURAL BUTTES |
| 15. Distance from proposed* location to nearest property or lease line, ft. (Also to nearest drig. unit line, if any) 986' | 16. No. of Acres in lease 1363.21 | 11. Sec., T., R., M., or Blk. and Survey or Area SEC. 5, T10S, R22E |
| 18. Distance from proposed location* to nearest well, drilling, completed, applied for, on this lease, ft. REFER TO TOPO C | 19. Proposed Depth 9090' | 12. County or Parish UINTAH |
| 21. Elevations (Show whether DF, KDB, RT, GL, etc.) 5141'UNGRADED GL | | 13. State UTAH |
| 22. Approximate date work will start* | | 20. BLM/BIA Bond No. on file BOND NO: WY-2357 |
| 23. Estimated duration | | |

24. Attachments

The following, completed in accordance with the requirements of Onshore Oil and Gas Order No. 1, shall be attached to this form:

- | | |
|---|---|
| 1. Well plat certified by a registered surveyor. | 4. Bond to cover the operations unless covered by an existing bond on file (see Item 20 above). |
| 2. A Drilling Plan. | 5. Operator certification. |
| 3. A Surface Use Plan (if the location is on National Forest System Lands, the SUPO shall be filed with the appropriate Forest Service Office). | 6. Such other site specific information and/or plans as may be required by the authorized office. |

| | | |
|--|---|--------------------------|
| 25. Signature  | Name (Printed/Typed) SHEILA UPCHEGO | Date 8/17/2006 |
| Title REGULATORY ANALYST | | |
| Approved by (Signature)  | Name (Printed/Typed) Jerry Kevork | Date 4-12-2007 |
| Title Assistant Field Manager Lands & Mineral Resources | Office VERNAL FIELD OFFICE | |

Application approval does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon.

Conditions of approval, if any, are attached.

Title 18 U.S.C. Section 1001 and Title 43 U.S.C. Section 1212, make it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

*(Instructions on reverse)

RECEIVED

APR 27 2007

DIV OF OIL, GAS & MINING

Entered in AFMSS

Date 11/21/06

NOTICE OF APPROVAL

CONDITIONS OF APPROVAL ATTACHED



UNITED STATES DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT
VERNAL FIELD OFFICE

170 South 500 East VERNAL, UT 84078 (435) 781-4400



CONDITIONS OF APPROVAL FOR APPLICATION FOR PERMIT TO DRILL

Company: Kerr-McGee Oil & Gas Onshore, LP Location: NWSW, Sec. 5, T10S, R22E
Well No: NBU 1022-5L-1 Lease No: UTU-01191-A
API No: 43-047-38524 Agreement: Natural Buttes Unit

| Title | Name | Office Phone Number | Cell Phone Number |
|-----------------------------------|-----------------|---------------------|-------------------|
| Petroleum Engineer: | Matt Baker | 435-781-4490 | 435-828-4470 |
| Petroleum Engineer: | Michael Lee | 435-781-4432 | 435-828-7875 |
| Petroleum Engineer: | James Ashley | 435-781-4470 | 435-828-7874 |
| Petroleum Engineer: | Ryan Angus | 435-781-4430 | 435-828-7368 |
| Supervisory Petroleum Technician: | Jamie Sparger | 435-781-4502 | 435-828-3913 |
| NRS/Enviro Scientist: | Paul Buhler | 435-781-4475 | 435-828-4029 |
| NRS/Enviro Scientist: | Karl Wright | 435-781-4484 | |
| NRS/Enviro Scientist: | Holly Villa | 435-781-4404 | |
| NRS/Enviro Scientist: | Melissa Hawk | 435-781-4476 | 435-828-7381 |
| NRS/Enviro Scientist: | Chuck MacDonald | 435-781-4441 | |
| NRS/Enviro Scientist: | Jannice Cutler | 435-781-3400 | |
| NRS/Enviro Scientist: | Michael Cutler | 435-781-3401 | |
| NRS/Enviro Scientist: | Anna Figueroa | 435-781-3407 | |
| NRS/Enviro Scientist: | Verlyn Pindell | 435-781-3402 | |
| NRS/Enviro Scientist: | Darren Williams | 435-781-4447 | |
| NRS/Enviro Scientist: | Nathan Packer | 435-781-3405 | |

Fax: 435-781-4410

**A COPY OF THESE CONDITIONS SHALL BE FURNISHED TO YOUR
FIELD REPRESENTATIVE TO INSURE COMPLIANCE**

All lease and/or unit operations are to be conducted in such a manner that full compliance is made with the applicable laws, regulations (43 CFR Part 3160), and this approved Application for Permit to Drill including Surface and Downhole Conditions of Approval. The operator is considered fully responsible for the actions of his subcontractors. A copy of the approved APD must be on location during construction, drilling, and completion operations. **This permit is approved for a one-year period. An additional year extension may be applied for by sundry notice prior to expiration.**

NOTIFICATION REQUIREMENTS

- | | |
|--|--|
| Location Construction (Notify NRS/Enviro Scientist) | - Forty-Eight (48) hours prior to construction of location and access roads. |
| Location Completion (Notify NRS/Enviro Scientist) | - Prior to moving on the drilling rig. |
| Spud Notice (Notify Petroleum Engineer) | - Twenty-Four (24) hours prior to spudding the well. |
| Casing String & Cementing (Notify Supervisory Petroleum Technician) | - Twenty-Four (24) hours prior to running casing and cementing all casing strings. |
| BOP & Related Equipment Tests (Notify Supervisory Petroleum Technician) | - Twenty-Four (24) hours prior to initiating pressure tests. |
| First Production Notice (Notify Petroleum Engineer) | - Within Five (5) business days after new well begins or production resumes after well has been off production for more than ninety (90) days. |

SURFACE USE PROGRAM CONDITIONS OF APPROVAL (COAs)

General Surface COAs

- If there is an active Gilsonite mining operation within 2 miles of the well location, operator shall notify the Gilsonite operator at least 48 hours prior to any blasting during construction.
- If paleontological materials are uncovered during construction, the operator is to immediately stop work and contact the Authorized Officer AO. A report will be prepared by a BLM permitted paleontologist and submitted to the AO at the completion of surface disturbing activities.

Specific Surface COAs

- Paint all facilities Fuller O'Brian color Carlsbad Canyon (2.5Y 6/2). Any paint brand may be used provided the colors match.
- The authorized officer may prohibit surface disturbing activities during wet and muddy periods to minimize watershed damage. This limitation does not apply to operation and maintenance of producing wells.
- The seed mix for this location shall be:

| | | |
|---|------------------------|---------------|
| Galleta grass | <i>Hilaria jamesii</i> | 20 lbs. /acre |
| <ul style="list-style-type: none">▪ All pounds are in pure live seed.▪ Reseeding may be required if first seeding is not successful. | | |
- The topsoil from the reserve pit should be stripped and piled separately near the reserve pit. When the reserve pit is closed, it shall be recontoured and the topsoil respread, and the area shall be seeded in the same manner as the location topsoil.
- Once the location is plugged and abandoned, it shall be recontoured to natural contours, topsoil respread where appropriate, and the entire location seeded with the recommended seed mix. Seeding should take place by broadcasting the seed and walking it into the soil with a dozer immediately after the dirt work is completed.
- Within 90 calendar days of the approval date for this Application for Permit to Drill (APD), the operator/lessee shall submit to the Authorized Officer (AO), on Sundry Notice Form 3160-5, an Interim Surface Reclamation Plan for surface disturbance on well pads, access roads, and pipelines. At a minimum, this will include the reshaping of the pad to the original contour to the extent possible; the resreading of the top soil up to the rig anchor points; and, the area reseeded using appropriate reclamation methods. The AO will provide written approval or concurrence within 30 calendar days of receipt.

DOWNHOLE CONDITIONS OF APPROVAL

SITE SPECIFIC DOWNHOLE CONDITIONS OF APPROVAL

- Cement bond log shall be run to TOC and a field copy must be submitted to this office.
- A formation integrity test shall be performed at surface casing shoe

All provisions outlined in Onshore Oil & Gas Order #2 Drilling Operations shall be strictly adhered to. The following items are emphasized:

DRILLING/COMPLETION/PRODUCING OPERATING STANDARDS

- The spud date and time shall be reported orally to Vernal Field Office within 24 hours of spudding.
- Notify Vernal Field Office Supervisory Petroleum Engineering Technician at least 24 hours in advance of casing cementing operations and BOPE & casing pressure tests.
- Blowout prevention equipment BOPE shall remain in use until the well is completed or abandoned. Closing unit controls shall remain unobstructed and readily accessible at all times. Choke manifolds shall be located outside of the rig substructure.
- All BOPE components shall be inspected daily and those inspections shall be recorded in the daily drilling report. Components shall be operated and tested as required by Onshore Oil & Gas Order No. 2 to insure good mechanical working order. All BOPE pressure tests shall be performed by a test pump with a chart recorder and **NOT** by the rig pumps. Test shall be reported in the driller's log.
- BOP drills shall be initially conducted by each drilling crew within 24 hours of drilling out from under the surface casing and weekly thereafter as specified in Onshore Oil & Gas Order No. 2.
- Casing pressure tests are required before drilling out from under all casing strings set and cemented in place.
- No aggressive/fresh hard-banded drill pipe shall be used within casing.
- **Cement baskets shall not be run on surface casing.**
- The operator must report all shows of water or water-bearing sands to the BLM. If flowing water is encountered it must be sampled, analyzed, and a copy of the analyses submitted to the BLM Vernal Field Office.
- The operator must report encounters of all non oil & gas mineral resources such as Gilsonite, tar sands, oil shale, trona, etc. to the Vernal Field Office, in writing, within 5 working days of each encounter. Each report shall include the well name/number, well location, date and depth from KB or GL of encounter, vertical footage of the encounter and, the name of the person making the report along with a telephone number shall the BLM need to obtain additional information.

- A complete set of angular deviation and directional surveys of a directional well will be submitted to the Vernal BLM office engineer within 30 days of the completion of the well.
- Chronologic drilling progress reports shall be filed directly with the BLM, Vernal Field Office on a weekly basis in sundry, letter format or e-mail to the Petroleum Engineers until the well is completed.
- A cement bond log CBL will be run from the production casing shoe to the top of cement and shall be utilized to determine the bond quality for the production casing. Submit a field copy of the CBL to this office.
- **Please submit an electronic copy of all other logs run on this well in LAS format to UT_VN_Welllogs@BLM.gov. This submission will supersede the requirement for submittal of paper logs to the BLM.**
- There shall be no deviation from the proposed drilling, completion, and/or workover program as approved. Safe drilling and operating practices must be observed. Any changes in operation must have prior approval from the BLM Vernal Field Office.

OPERATING REQUIREMENT REMINDERS:

- All wells, whether drilling, producing, suspended, or abandoned, shall be identified in accordance with 43 CFR 3162.6. There shall be a sign or marker with the name of the operator, lease serial number, well number, and surveyed description of the well.
- In accordance with 43 CFR 3162.4-3, this well shall be reported on the "Monthly Report of Operations" Oil and Gas Operations Report OGOR starting with the month in which operations commence and continue each month until the well is physically plugged and abandoned. This report shall be filed in duplicate, directly with the Minerals Management Service, P.O. Box 17110, Denver, Colorado 80217-0110, or call 1-800-525-7922 303 231-3650 for reporting information.
- Shall the well be successfully completed for production, the BLM Vernal Field office must be notified when it is placed in a producing status. Such notification will be by written communication and must be received in this office by not later than the fifth business day following the date on which the well is placed on production. The notification shall provide, as a minimum, the following informational items:
 - Operator name, address, and telephone number.
 - Well name and number.
 - Well location $\frac{1}{4}$ Sec., Twn, Rng, and P.M..
 - Date well was placed in a producing status date of first production for which royalty will be paid.
 - The nature of the well's production, i.e., crude oil, or crude oil and casing head gas, or natural gas and entrained liquid hydrocarbons.
 - The Federal or Indian lease prefix and number on which the well is located; otherwise the non-Federal or non-Indian land category, i.e., State or private.
 - Unit agreement and/or participating area name and number, if applicable.
 - Communitization agreement number, if applicable.
- Any venting or flaring of gas shall be done in accordance with Notice to Lessees NTL 4A and needs prior approval from the BLM Vernal Field Office.
- All undesirable events fires, accidents, blowouts, spills, discharges as specified in NTL 3A will be reported to the BLM, Vernal Field Office. Major events, as defined in NTL3A, shall be reported verbally within 24 hours, followed by a written report within 15 days. "Other than Major Events" will be reported in writing within 15 days. "Minor Events" will be reported on the Monthly Report of Operations and Production.
- Whether the well is completed as a dry hole or as a producer, "Well Completion and Recompletion Report and Log" BLM Form 3160-4 shall be submitted not later than 30 days after completion of the well or after completion of operations being performed, in accordance with 43 CFR 3162.4-1. Two copies of all logs run, core descriptions, and all other surveys or data obtained and compiled during the drilling, workover, and/or completion operations, shall be filed on BLM Form 3160-4. Submit with the well completion report a geologic report including, at a minimum, formation tops, and a summary and conclusions. Also include

deviation surveys, sample descriptions, strip logs, core data, drill stem test data, and results of production tests if performed. Samples cuttings, fluid, and/or gas shall be submitted only when requested by the BLM, Vernal Field Office.

- All off-lease storage, off-lease measurement, or commingling on-lease or off-lease, shall have prior written approval from the BLM Vernal Field Office.
- Oil and gas meters shall be calibrated in place prior to any deliveries. The BLM Vernal Field Office Petroleum Engineers will be provided with a date and time for the initial meter calibration and all future meter proving schedules. A copy of the meter calibration reports shall be submitted to the BLM Vernal Field Office. All measurement facilities will conform to the API standards for liquid hydrocarbons and the AGA standards for natural gas measurement. All measurement points shall be identified as the point of sale or allocation for royalty purposes.
- A schematic facilities diagram as required by Onshore Oil & Gas Order No. 3 shall be submitted to the BLM Vernal Field Office within 30 days of installation or first production, whichever occurs first. All site security regulations as specified in Onshore Oil & Gas Order No. 3 shall be adhered to. All product lines entering and leaving hydrocarbon storage tanks will be effectively sealed in accordance with Onshore Oil & Gas Order No. 3.
- Any additional construction, reconstruction, or alterations of facilities, including roads, gathering lines, batteries, etc., which will result in the disturbance of new ground, shall require the filing of a suitable plan and need prior approval of the BLM Vernal Field Office. Emergency approval may be obtained orally, but such approval does not waive the written report requirement.
- No location shall be constructed or moved, no well shall be plugged, and no drilling or workover equipment shall be removed from a well to be placed in a suspended status without prior approval of the BLM Vernal Field Office. If operations are to be suspended for more than 30 days, prior approval of the BLM Vernal Field Office shall be obtained and notification given before resumption of operations.
- Pursuant to Onshore Oil & Gas Order No. 7, this is authorization for pit disposal of water produced from this well for a period of 90 days from the date of initial production. A permanent disposal method must be approved by this office and in operation prior to the end of this 90-day period. In order to meet this deadline, an application for the proposed permanent disposal method shall be submitted along with any necessary water analyses, as soon as possible, but no later than 45 days after the date of first production. Any method of disposal which has not been approved prior to the end of the authorized 90-day period will be considered as an Incident of Noncompliance and will be grounds for issuing a shut-in order until an acceptable manner for disposing of said water is provided and approved by this office.
- Unless the plugging is to take place immediately upon receipt of oral approval, the Field Office Petroleum Engineers must be notified at least 24 hours in advance of the plugging of the well, in order that a representative may witness plugging operations. If a well is suspended or abandoned, all pits must be fenced immediately until they are backfilled. The "Subsequent Report of Abandonment" Form BLM 3160-5 must be submitted within 30 days after the actual plugging of the well bore, showing location of plugs, amount of cement in each, and amount of casing left in hole, and the current status of the surface restoration.

STATE OF UTAH
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING

FORM 6

ENTITY ACTION FORM

Operator: KERR McGEE OIL & GAS ONSHORE LP
Address: 1368 SOUTH 1200 EAST
city VERNAL
state UT zip 84078

Operator Account Number: N 2995Phone Number: (435) 781-7024**Well 1**

| API Number | Well Name | | QQ | Sec | Twp | Rng | County |
|---|-----------------------|-------------------|-----------|-----|-----|----------------------------------|--------|
| 4304738524 | NBU 1022-5L-1 | | NWSW | 5 | 10S | 22E | UINTAH |
| Action Code | Current Entity Number | New Entity Number | Spud Date | | | Entity Assignment Effective Date | |
| <u>B</u> | 99999 | <u>2900</u> | 6/14/2007 | | | <u>6/21/07</u> | |
| Comments: <u>MIRU ROCKY MTN BUCKET RIG. WSTMVD</u> <u>SPUD WELL LOCATION ON 06/14/2007 AT 1430 HRS</u> | | | | | | | |

Well 2

| API Number | Well Name | | QQ | Sec | Twp | Rng | County |
|-------------|-----------------------|-------------------|-----------|-----|-----|----------------------------------|--------|
| | | | | | | | |
| Action Code | Current Entity Number | New Entity Number | Spud Date | | | Entity Assignment Effective Date | |
| | | | | | | | |
| Comments: | | | | | | | |

Well 3

| API Number | Well Name | | QQ | Sec | Twp | Rng | County |
|-------------|-----------------------|-------------------|-----------|-----|-----|----------------------------------|--------|
| | | | | | | | |
| Action Code | Current Entity Number | New Entity Number | Spud Date | | | Entity Assignment Effective Date | |
| | | | | | | | |
| Comments: | | | | | | | |

ACTION CODES:

- A - Establish new entity for new well (single well only)
- B - Add new well to existing entity (group or unit well)
- C - Re-assign well from one existing entity to another existing entity
- D - Re-assign well from one existing entity to a new entity
- E - Other (Explain in 'comments' section)

(5/2000) To: EARLENE RUSSELL From: SHEILA UPCHEGO
Co./Dept: UTD0601 Co.: KMG
Phone: 701-539-5340 Phone: (435) 781-7024
Fax: 701-369-3940 Fax: (435) 781-7044

SHEILA UPCHEGO

Name (Please Print)

Signature

SENIOR LAND SPECIALIST

Date

6/15/2007

Title

RECEIVED

JUN 15 2007

DIV. OF OIL, GAS & MINING

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

SUNDRY NOTICES AND REPORTS ON WELLS

Do not use this form for proposals to drill or reenter an abandoned well. Use Form 3160-3 (APD) for such proposals.

FORM APPROVED
OMB No. 1004-0135
Expires November 30, 2000

5. Lease Serial No.

UTU-01191-A

6. If Indian, Allottee or Tribe Name

7. If Unit or CA/Agreement, Name and/or No.

UNIT #891008900A

NATURAL BUTTES UNIT

8. Well Name and No.

NBU 1022-5L-1

9. API Well No.

4304738524

10. Field and Pool, or Exploratory Area

NATURAL BUTTES

11. County or Parish, State

UINTAH COUNTY, UTAH

SUBMIT IN TRIPLICATE – Other instructions on reverse side

1. Type of Well

☐ Oil Well ☒ Gas Well ☐ Other

2. Name of Operator

KERR-McGEE OIL & GAS ONSHORE LP

3a. Address

1368 SOUTH 1200 EAST VERNAL, UT 84078

3b. Phone No. (include area code)

(435) 781-7024

4. Location of Well (Footage, Sec., T., R., M., or Survey Description)

NW/SW SEC. 5, T10S, R22E 2132'FSL, 986'FWL

12. CHECK APPROPRIATE BOX(ES) TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

| TYPE OF SUBMISSION | TYPE OF ACTION | | | |
|---|---|---|--|---|
| <input type="checkbox"/> Notice of Intent | <input type="checkbox"/> Acidize | <input type="checkbox"/> Deepen | <input type="checkbox"/> Production (Start/Resume) | <input type="checkbox"/> Water Shut-Off |
| <input checked="" type="checkbox"/> Subsequent Report | <input type="checkbox"/> Alter Casing | <input type="checkbox"/> Fracture Treat | <input type="checkbox"/> Reclamation | <input type="checkbox"/> Well Integrity |
| <input type="checkbox"/> Final Abandonment Notice | <input type="checkbox"/> Casing Repair | <input type="checkbox"/> New Construction | <input type="checkbox"/> Recomplete | <input checked="" type="checkbox"/> Other WELL SPUD |
| | <input type="checkbox"/> Change Plans | <input type="checkbox"/> Plug and Abandon | <input type="checkbox"/> Temporarily Abandon | |
| | <input type="checkbox"/> Convert to Injection | <input type="checkbox"/> Plug Back | <input type="checkbox"/> Water Disposal | |

13. Describe Proposed or Completed Operations (clearly state all pertinent details, including estimated starting date of any proposed work and approximate duration thereof. If the proposal is to deepen directionally or recompleat horizontally, give subsurface locations and measured and true vertical depths of all pertinent markers and zones. Attach the Bond under which the work will be performed or provide the Bond No. on file with BLM/BIA. Required subsequent reports shall be filed within 30 days following completion of the involved operations. If the operation results in a multiple completion or recompleat in a new interval, a Form 3160-4 shall be filed once testing has been completed. Final Abandonment Notices shall be filed only after all requirements, including reclamation, have been completed, and the operator has determined that the site is ready for final inspection.

MIRU ROCKY MTN BUCKET RIG. DRILLED 20" CONDUCTOR HOLE TO 40'. RAN 14" 36.7# SCHEDULE 10 PIPE. CMT W/28 SX READY MIX.

SPUD WELL LOCATION ON 06/14/2007 AT 1430 HRS.

RECEIVED

JUN 18 2007

DIV. OF OIL, GAS & MINING

14. I hereby certify that the foregoing is true and correct

Name (Printed/Typed)

SHEILA UPCHEGO

Title

SENIOR LAND ADMIN SPECIALIST

Signature

Date

June 15, 2007

THIS SPACE FOR FEDERAL OR STATE USE

Approved by

Title

Date

Conditions of approval, if any, are attached. Approval of this notice does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon.

Office

Title 18 U.S.C. Section 1001, make it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

(Instructions on reverse)

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

SUNDRY NOTICES AND REPORTS ON WELLS

Do not use this form for proposals to drill or reenter an abandoned well. Use Form 3160-3 (APD) for such proposals.

FORM APPROVED
OMB No. 1004-0135
Expires November 30, 2000

5. Lease Serial No.

UTU-01191-A

6. If Indian, Allottee or Tribe Name

7. If Unit or CA/Agreement, Name and/or No.

UNIT #891008900A

NATURAL BUTTES UNIT

8. Well Name and No.

NBU 1022-5L-1

9. API Well No.

4304738524

10. Field and Pool, or Exploratory Area

NATURAL BUTTES

11. County or Parish, State

UINTAH COUNTY, UTAH

SUBMIT IN TRIPLICATE - Other instructions on reverse side

1. Type of Well

☐ Oil Well ☒ Gas Well ☐ Other

2. Name of Operator

KERR-McGEE OIL & GAS ONSHORE LP

3a. Address

1368 SOUTH 1200 EAST VERNAL, UT 84078

3b. Phone No. (include area code)

(435) 781-7024

4. Location of Well (Footage, Sec., T., R., M., or Survey Description)

NW/SW SEC. 5, T10S, R22E 2132'FSL, 986'FWL

12. CHECK APPROPRIATE BOX(ES) TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

| TYPE OF SUBMISSION | TYPE OF ACTION | | | |
|---|---|---|--|---|
| <input type="checkbox"/> Notice of Intent | <input type="checkbox"/> Acidize | <input type="checkbox"/> Deepen | <input type="checkbox"/> Production (Start/Resume) | <input type="checkbox"/> Water Shut-Off |
| <input checked="" type="checkbox"/> Subsequent Report | <input type="checkbox"/> Alter Casing | <input type="checkbox"/> Fracture Treat | <input type="checkbox"/> Reclamation | <input type="checkbox"/> Well Integrity |
| <input type="checkbox"/> Final Abandonment Notice | <input type="checkbox"/> Casing Repair | <input type="checkbox"/> New Construction | <input type="checkbox"/> Recomplete | <input checked="" type="checkbox"/> Other SET SURFACE |
| | <input type="checkbox"/> Change Plans | <input type="checkbox"/> Plug and Abandon | <input type="checkbox"/> Temporarily Abandon | CSG. |
| | <input type="checkbox"/> Convert to Injection | <input type="checkbox"/> Plug Back | <input type="checkbox"/> Water Disposal | |

13. Describe Proposed or Completed Operations (clearly state all pertinent details, including estimated starting date of any proposed work and approximate duration thereof. If the proposal is to deepen directionally or recompleat horizontally, give subsurface locations and measured and true vertical depths of all pertinent markers and zones. Attach the Bond under which the work will be performed or provide the Bond No. on file with BLM/BIA. Required subsequent reports shall be filed within 30 days following completion of the involved operations. If the operation results in a multiple completion or recompleat in a new interval, a Form 3160-4 shall be filed once testing has been completed. Final Abandonment Notices shall be filed only after all requirements, including reclamation, have been completed, and the operator has determined that the site is ready for final inspection.

MIRU BILL MARTIN AIR RIG ON 06/20/2007. DRILLED 12 1/4" SURFACE HOLE TO 2430'. RAN 9 5/8" 32.3# H-40 SURFACE CSG. LEAD CMT W/250 SX PREM CLASS G @15.8 PPG 1.15 YIELD. TAILED CMT W/100 SX PREM CLASS G @15.8 PPG 1.15 YIELD. NO RETURNS TO PIT. TOP OUT W/250 SX PREM CLASS G @15.8 PPG 1.15 YIELD DOWN BACKSIDE GOOD CMT TO SURFACE HOLE STAYED FULL.

WORT.

RECEIVED
JUL 02 2007

DIV. OF OIL, GAS & MINING

14. I hereby certify that the foregoing is true and correct

Name (Printed/Typed)

SHEILA UPCHEGO

Title

SENIOR LAND ADMIN SPECIALIST

Signature

Date

June 25, 2007

THIS SPACE FOR FEDERAL OR STATE USE

Approved by

Title

Date

Conditions of approval, if any, are attached. Approval of this notice does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon.

Office

Title 18 U.S.C. Section 1001, make it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

FORM APPROVED
OMB No. 1004-0135
Expires November 30, 2000

SUNDRY NOTICES AND REPORTS ON WELLS

Do not use this form for proposals to drill or reenter an abandoned well. Use Form 3160-3 (APD) for such proposals.

5. Lease Serial No.

UTU-01191-A

6. If Indian, Allottee or Tribe Name

7. If Unit or CA/Agreement, Name and/or No.

UNIT #891008900A

NATURAL BUTTES UNIT

8. Well Name and No.

NBU 1022-5L-1

9. API Well No.

4304738524

10. Field and Pool, or Exploratory Area

NATURAL BUTTES

11. County or Parish, State

UINTAH COUNTY, UTAH

SUBMIT IN TRIPLICATE - Other instructions on reverse side

1. Type of Well

☐ Oil Well ☒ Gas Well ☐ Other

2. Name of Operator

KERR-McGEE OIL & GAS ONSHORE LP

3a. Address

1368 SOUTH 1200 EAST VERNAL, UT 84078

3b. Phone No. (include area code)

(435) 781-7024

4. Location of Well (Footage, Sec., T., R., M., or Survey Description)

NW/SW SEC. 5, T10S, R22E 2132'FSL, 986'FWL

12. CHECK APPROPRIATE BOX(ES) TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

| TYPE OF SUBMISSION | TYPE OF ACTION | | | |
|---|---|---|--|---|
| <input type="checkbox"/> Notice of Intent | <input type="checkbox"/> Acidize | <input type="checkbox"/> Deepen | <input type="checkbox"/> Production (Start/Resume) | <input type="checkbox"/> Water Shut-Off |
| <input checked="" type="checkbox"/> Subsequent Report | <input type="checkbox"/> Alter Casing | <input type="checkbox"/> Fracture Treat | <input type="checkbox"/> Reclamation | <input type="checkbox"/> Well Integrity |
| <input type="checkbox"/> Final Abandonment Notice | <input type="checkbox"/> Casing Repair | <input type="checkbox"/> New Construction | <input type="checkbox"/> Recomplete | <input checked="" type="checkbox"/> Other FINAL DRILLING OPERATIONS |
| | <input type="checkbox"/> Change Plans | <input type="checkbox"/> Plug and Abandon | <input type="checkbox"/> Temporarily Abandon | |
| | <input type="checkbox"/> Convert to Injection | <input type="checkbox"/> Plug Back | <input type="checkbox"/> Water Disposal | |

13. Describe Proposed or Completed Operations (clearly state all pertinent details, including estimated starting date of any proposed work and approximate duration thereof. If the proposal is to deepen directionally or recompleat horizontally, give subsurface locations and measured and true vertical depths of all pertinent markers and zones. Attach the Bond under which the work will be performed or provide the Bond No. on file with BLM/BIA. Required subsequent reports shall be filed within 30 days following completion of the involved operations. If the operation results in a multiple completion or recompleat in a new interval, a Form 3160-4 shall be filed once testing has been completed. Final Abandonment Notices shall be filed only after all requirements, including reclamation, have been completed, and the operator has determined that the site is ready for final inspection.

FINISHED DRILLING FROM 2430' TO 8907' ON 07/17/2007.. RAN 4 1/2" 11.6# I-80 PRODUCTION CSG.
LEAD CMT W/490 SX PREM LITE II @11.8 PPG 2.52 YIELD. TAILED CMT W/1360 SX 50/50 POZ @14.3
PPG 1.31 YIELD. WASH LINES DROP PLUG AND DISPLACE W/137 BBLs WATER W/CLAY STAY &
MAGNACIDE TO BUMP PLUG W/3300 PSI RELEASE PSI FLOATS HELD HAD FULL RETURNS THROUGH
OUT JOB W/47 BBLs OF CMT CIRCULATED TO SURFACE WASH STACK LAND CASING W/70 K PSI
HANGER TO 5000 PSI WASH PITS ND BOP.

RECEIVED
JUL 20 2007

RELEASED PIONEER RIG 53 ON 07/18/2007 AT 2300 HRS,

DIV. OF OIL, GAS & MINING

14. I hereby certify that the foregoing is true and correct

Name (Printed/Typed)

SHEILA UPCHEGO

Title

SENIOR LAND ADMIN SPECIALIST

Date

July 19, 2007

THIS SPACE FOR FEDERAL OR STATE USE

Approved by

Title

Date

Conditions of approval, if any, are attached. Approval of this notice does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon.

Office

Title 18 U.S.C. Section 1001, make it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

FORM APPROVED
OMB No. 1004-0135
Expires November 30, 2000

SUNDRY NOTICES AND REPORTS ON WELLS

Do not use this form for proposals to drill or reenter an abandoned well. Use Form 3160-3 (APD) for such proposals.

SUBMIT IN TRIPLICATE – Other instructions on reverse side

1. Type of Well

☐ Oil Well ☒ Gas Well ☐ Other

2. Name of Operator

KERR-McGEE OIL & GAS ONSHORE LP

3a. Address

1368 SOUTH 1200 EAST VERNAL, UT 84078

3b. Phone No. (include area code)

(435) 781-7024

4. Location of Well (Footage, Sec., T., R., M., or Survey Description)

NW/SW SEC. 5, T10S, R22E 2132'FSL, 986'FWL

5. Lease Serial No.

UTU-01191-A

6. If Indian, Allottee or Tribe Name

7. If Unit or CA/Agreement, Name and/or No.

UNIT #891008900A

NATURAL BUTTES UNIT

8. Well Name and No.

NBU 1022-5L-1

9. API Well No.

4304738524

10. Field and Pool, or Exploratory Area

NATURAL BUTTES

11. County or Parish, State

UINTAH COUNTY, UTAH

12. CHECK APPROPRIATE BOX(ES) TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

| TYPE OF SUBMISSION | TYPE OF ACTION | | | |
|---|---|---|--|---|
| <input type="checkbox"/> Notice of Intent | <input type="checkbox"/> Acidize | <input type="checkbox"/> Deepen | <input type="checkbox"/> Production (Start/Resume) | <input type="checkbox"/> Water Shut-Off |
| <input checked="" type="checkbox"/> Subsequent Report | <input type="checkbox"/> Alter Casing | <input type="checkbox"/> Fracture Treat | <input type="checkbox"/> Reclamation | <input type="checkbox"/> Well Integrity |
| <input type="checkbox"/> Final Abandonment Notice | <input type="checkbox"/> Casing Repair | <input type="checkbox"/> New Construction | <input type="checkbox"/> Recomplete | <input checked="" type="checkbox"/> Other PRODUCTION |
| | <input type="checkbox"/> Change Plans | <input type="checkbox"/> Plug and Abandon | <input type="checkbox"/> Temporarily Abandon | START-UP |
| | <input type="checkbox"/> Convert to Injection | <input type="checkbox"/> Plug Back | <input type="checkbox"/> Water Disposal | |

13. Describe Proposed or Completed Operations (clearly state all pertinent details, including estimated starting date of any proposed work and approximate duration thereof. If the proposal is to deepen directionally or recompleat horizontally, give subsurface locations and measured and true vertical depths of all pertinent markers and zones. Attach the Bond under which the work will be performed or provide the Bond No. on file with BLM/BIA. Required subsequent reports shall be filed within 30 days following completion of the involved operations. If the operation results in a multiple completion or recompleat in a new interval, a Form 3160-4 shall be filed once testing has been completed. Final Abandonment Notices shall be filed only after all requirements, including reclamation, have been completed, and the operator has determined that the site is ready for final inspection.

THE SUBJECT WELL LOCATION WAS PLACED ON PRODUCTION ON 08/30/2007 AT 12:00 PM.

PLEASE REFER TO THE ATTACHED CHRONOLOGICAL WELL HISTORY.

RECEIVED
SEP 10 2007

14. I hereby certify that the foregoing is true and correct

Name (Printed/Typed)

SHEILA UPCHEGO

Title

SENIOR LAND ADMIN SPECIALIST

Signature

Date

August 30, 2007

THIS SPACE FOR FEDERAL OR STATE USE

Approved by

Title

Date

Conditions of approval, if any, are attached. Approval of this notice does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon.

Office

Title 18 U.S.C. Section 1001, make it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.



Anadarko Petroleum Corporation
1368 S. 1200 East
Vernal, UT 84078

CHRONOLOGICAL WELL HISTORY

NBU 1022-5L-1

NWSW, SEC. 5, T10S, R22E
UINTAH COUNTY, UT

| DATE | ACTIVITY | STATUS |
|----------|---|--------------|
| 06/01/07 | LOCATION STARTED PIONEER 52 | |
| 06/13/07 | LOCATION COMPLETE PIONEER 52 | P/L IN, WOBR |
| 06/14/07 | SET CONDUCTOR PIONEER 52 | WOAR |
| 06/20/07 | SET AIR RIG 9 5/8" @2395 PIONEER 52 | WORT |
| 07/03/07 | TD: 2430' Csg. 9 5/8" @ 2395' MW: 8.4 SD: 7/X/07 DSS: 0 Moving rig to location @ report time. | |
| 07/05/07 | TD: 2430' Csg. 9 5/8" @ 2395' MW: 8.4 SD: 7/X/07 DSS: 0 Move rig to location. RURT @ report time. | |
| 07/06/07 | TD: 2430' Csg. 9 5/8" @ 2395' MW: 8.4 SD: 7/X/07 DSS: 0 Raised derrick and sub. RURT @ report time. | |
| 07/09/07 | TD: 2619' Csg. 9 5/8" @ 2395' MW: 8.4 SD: 7/09/07 DSS: 0 Finish rig repair. Nipple up & Test BOP. PU BHA. Spud 7/9/2007 @ 01:00 AM. Drill 2430'-2619' DA. @ Report time. | |
| 07/10/07 | TD: 4420' Csg. 9 5/8" @ 2395' MW: 8.9 SD: 7/09/07 DSS: 2 Drill from 2619'-4420'. DA @ report time. | |
| 07/11/07 | TD: 5920' Csg. 9 5/8" @ 2395' MW: 10.7 SD: 7/09/07 DSS: 3 Drill from 4420'-5920'. DA @ report time. | |
| 07/12/07 | TD: 6415' Csg. 9 5/8" @ 2395' MW: 11.0 SD: 7/09/07 DSS: 4 Drill from 5920'-6218'. Repair generator. Drill to 6415'. DA @ report time. | |
| 07/13/07 | TD: 6771' Csg. 9 5/8" @ 2395' MW: 11.0 SD: 7/09/07 DSS: 5 Drill from 6415'-6771'. POOH to shoe and repair generator. | |
| 07/16/07 | TD: 8865' Csg. 9 5/8" @ 2395' MW: 12.0 SD: 7/09/07 DSS: 8 POOH. Change bit and TIH. Drill from 6771'-8865'. DA. | |
| 07/17/07 | TD: 8907' Csg. 9 5/8" @ 2395' MW: 12.4 SD: 7/09/07 DSS: 9 Drill from 8865'-8907' TD. Short trip and raise mud weight to control gas. POOH and run Triple Combo @ report time. | |
| 07/18/07 | TD: 8907' Csg. 9 5/8" @ 2395' MW: 12.4 SD: 7/09/07 DSS: 10 Run Triple Combo. RIH and CCH for casing. LDDS. Run 4 1/2" Production Casing @ report time. | |

07/19/07 TD: 8907' Csg. 9 5/8" @ 2395' MW: 12.4 SD: 7/09/07 DSS: 11
 Finish running 4.5" prod csg and cmt. Land csg, ND, and clean pits. Release rig @ 2300 hrs on 7/18/07. RDRT. Moving to NBU 1022-5O-1 @ report time.

8/22/07 **RUN TBG**
 Days On Completion: 1
 Remarks: 7:00 A.M. HSM RIG DWN. ROAD RIG & EQUIP F/ NBU 1022-4E-1T TO LOC. MIRU. NDWH, NUBOPE. PREP & TALLY 291 JTS 2 3/8" J-55 8RD 4.7# TBG. P/U 3 7/8" MILL, BIT SUB & RIH P/U 282 JTS OFF TRAILER. EOT @ 8727'. R/U PMP & LINES. REV CIRC W/ 60 BBLS 2% KCL. POOH L/D 10 JTS ON TRAILER. EOT @ 8410'. SWI. SDFN

8/23/07 **RUN TBG**
 Days On Completion: 2
 Remarks: 7:00 A.M. PULL OUT HOLE OF TUBING. N.U. FRAC VALVES. RUN CBL LOG PERFORATE AND DFIT.

8/24/07 **FRAC**
 Days On Completion: 3
 Remarks: 7:AM HSM. POOH W/ GUAGES.SLICKWATER FRAC
 STAGE 1# RU CUTTERS. RIH PERF 8550-53, 8694-99, 4 SPF. 32 HOLES. BROKE @ 4728, IR 50, IP 4400, ISIP 2904, FG .78, MP 6920, MR 52.1, AP 4235, AR 51.6, FG .75, ISIP 2633, NPI -271, SAND 79,160, CLEAN 2306 BBLS. PUMPED RESIN SAND.

 STAGE 2# RIH SET CBP @ 8387', PERF 8242-45, 8320-23, 8352-57', 4 SPF, 44 HOLES. BROKE @ 4637, IR 51, IP 4600, ISIP 25 PUMPED RESIN SAND.27, FG .75, MP 4725, MR 52.3, AP 4161, AR 51.5, FG .75, ISIP 2603, NPI 76, CLEAN 1548 BBLS, SAND 57,650# .

 STAGE 3# SET CBP @ 7648', PERF 7462-68, 7618-22, 4SPF, 40 HOLES, BROKE @ 3162, IR 49.7, IP 4150, ISIP 1982, FG .70, MP 4217, MR 52, AP 3737, AR 50.5, FG .76, ISIP 2397, NPI 415, CLEAN 1177, SAND 43,200#. PUMPED RESIN SAND.

 STAGE 4# RIH SET CBP @ 7188', PERF 6913-16'. 4 SPF, 12 HOLES. RIH W/ HALLIBURTON DOWNHOLE GUAGES. BROKE @ 2721. PUMPED 24 BBLS @ 5 BBLS MIN. ISIP 2565, FG .80. SHUT DOWN & DFIT FOR WEEKEND.3:PM

8/27/07 **PERF & FRAC**
 Days On Completion: 6
 Remarks: 7:AM HSM. POOH W/ HALL. BHP BOMBS. RDMO DELSCO. R/U CUTTERS. P/U 3 3/8" PERF GUNS & RIH. FINISH SHOOT STG 4 PERFS. SHOOT 12 HOLES F/ 7155' - 58', P/U SHOOT 20 HOLES F/ 7026' - 31'. POOH.

 STG 4: PERFS W/ PREV. BRK DWN F/ DFIT TST. EST INJ RT @ 50.9 BPM @ 4320#, TREAT STG 4 W/ 60300# SAND, TAILED IN 5000# TLC SAND. TOT CL FL 1585 BBLS. ISIP 2576#, NPI 11#, FG .80.

 STG 5: P/U 3 3/8" PERF GUNS & 4 1/2" BAK 8K CBP & RIH. SET CBP @ 6760'. P/U SHOOT 20 HOLES F/ 6661' - 66'. P/U SHOOT 20 HOLES F/ 6725' - 30'. POOH. BRK DWN PERF'S @ 2013#, EST INJ RT @ 50.7 BPM @ 3530#, ISIP 1507#, FG .66, TREAT STG 5 W/ 32350# SAND TAILED IN W/ 5000# TLC SAND. TOT CL FL 840 BBLS. ISIP 2182#, NPI 675#, FG .76

 STG 6: P/U 3 3/8" PERF GUNS & 4 1/2" BAK 8K CBP & RIH. SET CBP @ 6222'. P/U SHOOT 16 HOLES F/ 5812' - 16', P/U SHOOT 24 HOLES F/ 6184' - 90', POOH. BRK DWN PERF'S @ 2191#, EST INJ RT @ 51.7 BPM @ 3150#, ISIP 1435#, FG .68, TREAT STG 6 W/ 80450# SAND (RAN OUT OF TLC, DID NOT TREAT STG 6 W/ TLC). TOT CL FL 2017 BBLS. ISIP

1483#, NPI 48#, FG .69. P/U 4 1/2" BAK 8K CBP & RIH. SET KILL PLUG @ 5762'. POOH.
RDMO CUTTERS, RDMO

8/28/07

DRL CBP'S

Days On Completion: 7

Remarks: 7:00 A.M. HSM R/U PMP & LINES. BRK CONV CIRC. & BEG TO DRL. DRL UP
KILL PLUG IN 8 MIN. (1000# PSI INC). CONT TO RIH. TAG FILL, C/O 35' FILL. TO 2ND CBP
@ 6222'. DRL UP 2ND CBP IN 10 MIN. (100# PSI INC). CONT TO RIH. TAG FILL, C/O 38'
FILL TO 3RD CBP @ 6760'. DRL UP 3RD CBP IN 10 MIN. (100# PSI INC). CONT TO RIH.
TAG FILL, C/O 30' FILL TO 4TH CBP @ 7175'. DRL UP 5TH CBP IN 10 MIN. (800# PSI INC).
CONT TO RIH. TAG FILL, C/O 30' FILL TO 6TH CBP @ 8387.

CONT TO RIH. TAG FILL @ 8500', C/O 200' FILL TO PBTD @ 8700'. CIRC WELL CLEAN. ND
DRL EQUIP. POOH L/D 36 JTS ON TRAILER. LUBRICATE TBG HANGER INTO WELL.
LAND TBG W/ EOT @ 7897'. ND BOPE, NUWH. PMP OFF THE BIT SUB @ 1700#. R/U
FLOW BACK EQUIP. TURN OVER TO FLOW BACK CREW. RIG DWN, RACK OUT EQUIP.

48/64 CHOKE
SICP 1900#
FTP 50#

TBG ON LOC. 291 JTS
TBG IN WELL 255 JTS
TBG LEFT ON TRAILER 36 JTS

FLOWBACK REPORT: CP 2150#, TP 1800#, CK 20/64", 48 BWPH, LOAD REC'D 936 BBLS,
LLTR 6257 BBLS

08/30/07

FLOWBACK REPORT: CP 2625#, TP 1750#, CK 20/64", 38 BWPH, LOAD REC'D 1896 BBLS,
LLTR 5267 BBLS

WELL WENT ON SALES: @12:00 PM, 1.8 MMCF, 1800 TBG, 2175 CSG, 20/64 CK, 48 BBWH

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

WELL COMPLETION OR RECOMPLETION REPORT AND LOG

FORM APPROVED
OMB NO. 1004-0137
Expires: November 30, 2000

5. Lease Serial No.

UTU-01191-A

1a. Type of Well ☐ Oil Well ☒ Gas ☐ Dry Other
b. Type of Completion: ☒ New ☐ Work Over ☐ Deepen ☐ Plug Back ☐ Diff. Resvr.
Other _____

2. Name of Operator

KERR MCGEE OIL & GAS ONSHORE LP

3. Address

1368 SOUTH 1200 EAST VERNAL, UTAH 84078

3a. Phone No. (include area code)

(435)-781-7024

4. Location of Well (Report locations clearly and in accordance with Federal requirements)*

At surface

NW/SW 2132'FSL, 986'FWL

At top prod. interval reported below

At total depth

14. Date Spudded

06/14/07

15. Date T.D. Reached

07/17/07

16. Date Completed

☐ D & A ☒ Ready to Prod.
08/30/07

6. If Indian, Allottee or Tribe Name

7. Unit or CA Agreement Name and No.

UNIT #891008900A NBU UNIT

8. Lease Name and Well No.

NBU 1022-5L-1

9. API Well No.

4304738524

10. Field and Pool, or Exploratory

NATURAL BUTTES

11. Sec., T., R., M., or Block and
Survey or Area SEC. 5, T10S, R22E

12. County or Parish

UINTAH

13. State

UTAH

17. Elevations (DF, RKB, RT, GL)*

5141'GL

18. Total Depth: MD 8907'
TVD19. Plug Back T.D.: MD 8700'
TVD20. Depth Bridge Plug Set: MD
TVD

21. Type Electric & Other Mechanical Logs Run (Submit copy of each)

CBL-CCL-GR

22. Was well cored? ☒ No ☐ Yes (Submit copy)
Was DST run? ☒ No ☐ Yes (Submit copy)
Directional Survey? ☒ No ☐ Yes (Submit copy)

23. Casing and Liner Record (Report all strings set in well)

| Hole Size | Size/Grade | Wt. (#/ft.) | Top (MD) | Bottom (MD) | Stage Cementer Depth | No. of Sks. & Type of Cement | Slurry Vol. (BBL) | Cement Top* | Amount Pulled |
|-----------|------------|-------------|----------|-------------|-------------------------|---------------------------------|----------------------|-------------|---------------|
| 20" | 14" | 36.7# | | 40' | | 28 SX | | | |
| 12 1/4" | 9 5/8" | 32.3# | | 2430' | | 600 SX | | | |
| 7 7/8" | 4 1/2" | 11.6# | | 8907' | | 1850 SX | | | |

24. Tubing Record

| Size | Depth Set (MD) | Packer Depth (MD) | Size | Depth Set (MD) | Packer Depth (MD) | Size | Depth Set (MD) | Packer Set (MD) |
|--------|----------------|-------------------|------|----------------|-------------------|------|----------------|-----------------|
| 2 3/8" | 7898' | | | | | | | |

25. Producing Intervals

| Formation | Top | Bottom | Perforated Interval | Size | No. Holes | Perf. Status |
|--------------|-------|--------|---------------------|------|-----------|--------------|
| A) WASATCH | 5812' | 6730' | 5812'-6730' | 0.36 | 40 | OPEN |
| B) MESAVERDE | 6913' | 8699' | 6913'-8699' | 0.36 | 172 | OPEN |
| C) | | | | | | |
| D) | | | | | | |

27. Acid, Fracture, Treatment, Cement Squeeze, Etc.

| Depth Interval | Amount and type of Material |
|----------------|---|
| 5812'-6730' | PMP 2857 BBLs SLICK H2O & 112,800# 30/50 SD |
| 6913'-8699' | PMP 6616 BBLs SLICK H2O & 240,310# 30/50 SD |

28. Production - Interval A

| Date First Produced | Test Date | Hours Tested | Test Production | Oil BBL | Gas MCF | Water BBL | Oil Gravity Corr. API | Gas Gravity | Production Method |
|------------------------|----------------------------------|-----------------|--------------------|------------|------------|--------------|--------------------------|----------------|--------------------|
| 08/30/07 | 09/04/07 | 24 | → | 0 | 1,915 | 120 | | | FLows FROM WELL |
| Choke Size | Tbg. Press. Flwg. 1350# SI | Csg. Press. | 24 Hr. Rate | Oil BBL | Gas MCF | Water BBL | Oil Gravity Corr. API | Well Status | |
| 20/64 | | 1800# | → | 0 | 1915 | 120 | | | PRODUCING GAS WELL |

28a. Production - Interval B

| Date First Produced | Test Date | Hours Tested | Test Production | Oil BBL | Gas MCF | Water BBL | Oil Gravity Corr. API | Gas Gravity | Production Method |
|------------------------|----------------------------------|-----------------|--------------------|------------|------------|--------------|--------------------------|----------------|--------------------|
| 08/30/07 | 09/04/07 | 24 | → | 0 | 1915 | 120 | | | FLows FROM WELL |
| Choke Size | Tbg. Press. Flwg. 1350# SI | Csg. Press. | 24 Hr. Rate | Oil BBL | Gas MCF | Water BBL | Oil Gravity Corr. API | Well Status | |
| 20/64 | | 1800# | → | 0 | 1915 | 120 | | | PRODUCING GAS WELL |

(See instructions and spaces for additional data on reverse side)

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28b. Production - Interval C

| Date First Produced | Test Date | Hours Tested | Test Production | Oil BBL | Gas MCF | Water BBL | Oil Gravity Corr. API | Gas Gravity | Production Method |
|---------------------|----------------------|--------------|-----------------|---------|---------|-----------|-----------------------|-------------|-------------------|
| | | | → | | | | | | |
| Choke Size | Tbg. Press. Flwg. SI | Csg. Press. | 24 Hr. Rate | Oil BBL | Gas MCF | Water BBL | Gas : Oil Ratio | Well Status | |
| | | | → | | | | | | |

28c. Production - Interval D

| Date First Produced | Test Date | Hours Tested | Test Production | Oil BBL | Gas MCF | Water BBL | Oil Gravity Corr. API | Gas Gravity | Production Method |
|---------------------|----------------------|--------------|-----------------|---------|---------|-----------|-----------------------|-------------|-------------------|
| | | | → | | | | | | |
| Choke Size | Tbg. Press. Flwg. SI | Csg. Press. | 24 Hr. Rate | Oil BBL | Gas MCF | Water BBL | Gas : Oil Ratio | Well Status | |
| | | | → | | | | | | |

29. Disposition of Gas (Sold, used for fuel, vented, etc.)

SOLD

30. Summary of Porous Zones (Include Aquifers):

Show all important zones of porosity and contents thereof: Cored intervals and all drill-stem tests, including depth interval tested, cushion used, time tool open, flowing and shut-in pressures and recoveries.

31. Formation (Log) Markers

| Formation | Top | Bottom | Descriptions, Contents, etc. | Name | Top |
|----------------------|----------------|--------|------------------------------|------|-------------|
| | | | | | Meas. Depth |
| WASATCH MESAVERDE | 4486' 6975' | 6975' | | | |

32. Additional remarks (include plugging procedure):

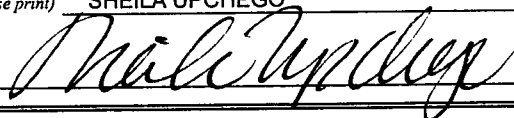
33. Circle enclosed attachments:

1. Electrical/Mechanical Logs (1 full set req'd.) 2. Geologic Report 3. DST Report 4. Directional Survey
5. Sundry Notice for plugging and cement verification 5. Core Analysis 7. Other:

36. I hereby certify that the foregoing and attached information is complete and correct as determined from all available records (see attached instructions)*

Name (please print) SHEILA UPCHEGO Title SENIOR LAND ADMIN SPECIALIST

Signature



Date

9/26/2007

Title 18 U.S.C. Section 1001 and Title 43 U.S.C. Section 1212, make it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.